



Daily Report

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

Further on Spokeswoman's Remarks on Gulf Crisis

OW0609124090 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 7 Sep 90 p 1

[Text] A Chinese Foreign Ministry spokeswoman today called on all concerned parties to earnestly and strictly implement relevant U.N. Security Council resolutions on the Gulf issue, when talking about the Gulf situation.

The spokeswoman Li Jinhua, answering questions at a weekly news briefing, restated China's principled position on the Gulf situation.

"The urgent thing for the moment is for all concerned parties to earnestly and strictly implement" the five resolutions the U.N. Security Council has passed in a bid to solve the Gulf problem, she said.

Meanwhile, she added, Iraq must acknowledge the resolutions, accept the mediation of the Arab League and the calls from the international community, and immediately and unconditionally withdraw all its troops from Kuwait, so as to restore Kuwait's independence, sovereignty and territorial integrity and bring peace and stability back to the region as soon as possible, she said.

Asked about China's attitude toward a Soviet proposal for an international conference on the Gulf crisis, Li said China supports all efforts based on the U.N. Security Council's resolutions for seeking a political settlement of the Gulf crisis.

As for China's position on the U.S. troops stationed in the Gulf, Li restated, China opposes military involvement by big powers in the Gulf region, and "we have always been against the stationing of troops of any country on foreign territory. This is our consistent position."

On China's position on providing food and medicines to Iraq, Li said China has voted to support the U.N. Security Council's Resolution 661, which in clear terms stipulates that the embargo against Iraq does not include supplies intended strictly for medical purposes and foodstuffs in humanitarian circumstances.

"I believe," she said, "that this point should be implemented strictly. And we are proceeding according to the Security Council resolution."

Asked about Iraqi First Deputy Prime Minister Taha Yasin Ramadan's current visit to China, Li said the two sides would primarily exchange views on the Gulf situation in their talks.

As to whether Ramadan was invited by China or came at Iraq's request, Li said, "the Iraqi side proposed the visit, First Deputy Prime Minister Ramadan hoped to visit China, and the Chinese side agreed to receive him."

'Roundup' Previews Helsinki Summit Talks

OW0709095690 Beijing XINHUA in English
0942 GMT 7 Sep 90

["Roundup: Gulf Crisis Leads to One-Day U.S.-Soviet Summit (By Zhao Changchun)"]—XINHUA headline]

[Text] Helsinki, September 6 (XINHUA)—U.S. President George Bush and Soviet leader Mikhail Gorbachev are scheduled to hold a one-day summit here on September 9 to discuss the furthering deteriorating Gulf crisis.

The Gulf situation has gained world attention following Iraq's invasion and annexation of Kuwait on August 2. The United Nations Security Council passed five resolutions within one month condemning Iraq's invasion and enforced stern global economic sanctions on Iraq.

To maintain their economic and strategic interests in the Gulf, the United States and other Western countries are concentrating their armed forces there to counteract the possibility of further military action by Iraqi forces.

However, the U.S. and the Soviet Union remain divided over how to solve the five-week crisis. The U.S. and Soviet foreign ministers issued a joint-statement following the Iraqi invasion of Kuwait, calling on Iraq to unconditionally withdraw its troops from Kuwait.

The two countries also agreed to support the U.N. decision to impose economic sanctions on Iraq, including the embargo on trade and weapons.

At the request of the Saudi Arabian Government, the United States has sent its troops en masse there, while four special U.S. fleets with 58 warships and 270 combatting planes have been deployed in the eastern Mediterranean Sea, Red Sea, the Oman Gulf and the Persian Gulf.

On August 16, Bush ordered a military sea blockade on Iraq and Kuwait, in which an American ship fired the first shell into a Iraqi oil tanker three days later. And with U.S. military power increasing in the Gulf, Bush is taking a tougher stance against Iraq.

Contrary to the United States, the Soviet Union said the Gulf crisis should be solved through political meditation and with the help of the United Nations, opposing unilateral settlement of the Gulf crisis through military forces.

The Soviet Union is also concerned about the increasing concentration of U.S. military forces in the Gulf region, not far from its southern borders, fearing that the large presence of U.S. troops in the Middle East will not only damage the conventional arms talks but also increase the danger of war in the region.

The Soviet Union has been very active in its diplomacy from the beginning of the crisis. The Soviet Union not only sent its envoy to the Middle East to mediate but

also received representatives from Iraq, Saudi Arabia and Egypt in hopes of preventing the present situation from escalating.

Observers here believe the United States and the Soviet Union hold the key to developing a strategy to prevent the Gulf crisis from becoming a global problem.

At the upcoming summit, the two leaders are expected to discuss what actions should be taken if Iraq refuses to withdraw from Kuwait and the onset of war is inevitable.

Local news reports here held that during the summit Bush will try to persuade Gorbachev into taking further actions to block Iraq including military actions, while Gorbachev will show Bush that the Soviet Union refuses to back U.S. military actions against Iraq.

Gorbachev is reportedly ready to discuss with Bush how to increase the functions of the United Nations in the solution of the Gulf crisis. The Soviet Union is willing to act as a mediator in the Gulf crisis, the reports added.

However, both sides express the hope for the success of the superpower summit in the Finnish capital, because Gorbachev wants to show the Soviet people he is still a leader of international reputation even if he faces many difficulties, while Bush links the Gulf crisis settlement with his political future.

Finnish President Mauno Koivisto, who welcomed the U.S.-Soviet summit, said he hopes the two countries will seek a political solution to the Gulf crisis.

Article Views Kissinger, Baker on Gulf Crisis

HK0709074690 Hong Kong TA KUNG PAO in Chinese
7 Sep 90 p 2

["Political talk" column by Shih Chun-yu (2457 0689 3768): "Both Kissinger and Baker Favor a Military Solution"]

[Text] On 5 September, Toshiki Kaifu, prime minister of Japan, met Henry Kissinger, former secretary of state of the United States, for a 45 minute talk on the situation in the Middle East. Kissinger said: "The U.S. Army has sent a large number of troops to the Gulf. If the United States cannot achieve two aims—forcing Iraq to withdraw its troops from Kuwait and restoring the original regime of Kuwait, then it has failed. All kinds of new influences on the Arab World will emerge." This statement shows that he is one of the "militant hawks" that stand for war in the Gulf crisis. He stressed that the United States and Japan should coordinate with each other on the matter of Iraqi aggression against Kuwait. He criticized Japan for making insufficient efforts to support the U.S. policy toward the Middle East.

While Kissinger was visiting Japan this time, he met three prime ministers in succession. In addition to Kaifu, he met Nakasone Yasuhiro and Noboru Takeshita, former prime ministers; and Shintaro Abe, former foreign minister. They exchanged views on the Middle

East situation. During talks with Shintaro Abe, they talked about the Japanese postwar peace Constitution, which provides that Japan cannot send troops abroad, but, Kissinger maintained: "A lot of things can be done within the scope of the Constitution."

Although Kissinger is not in office, his view and the view of the Bush administration are identical. While he was in Japan, he consulted the heads of the Liberal Democratic Party several days running. He acted almost as a persuasive talker for the U.S. Government, and asked Japan to make more contributions and to support the United States. This reflects in another aspect, that the U.S. Government still maintains that where necessary, it will take military action against Iraq at any time.

Testifying before the House Foreign Affairs Committee on 4 September, Baker, secretary of state of the United States, said that even if Iraqi troops were withdrawn from Kuwait, the original regime was restored, and the current Middle East crisis was resolved, a continued U.S. military presence would be required in the region to guarantee the long-term security and order of the Persian Gulf. He also emphasized: "The United States must perform certain duties to establish a new order." Regarding the form of a continued U.S. military presence, he held: Perhaps, it is not the land forces but the naval forces that must remain.

This statement is clear and more definite, and it means that in the future, the U.S. Armed Forces should be relied on to maintain the "new order" in the Gulf. Bush proposed cancelling Egypt's debt burden, amounting to \$7 billion, for weapons, with the aim of drawing Egypt over to his side to continuously support the U.S. policy toward the Middle East. The United States must rope in a number of conservative and moderate Arab countries so that it can "dispatch troops to fight under a good pretext" and establish in the Gulf, a new order that tallies with the interests of the United States.

After the general secretary of the United Nations went to Amman and failed to persuade Iraq to withdraw its troops, only the emergency U.S.-Soviet summit talks, that will be held on 9 September, are now left to see if Iraq will withdraw its troops and release the hostages, on the strength of Soviet pressure.

However, on the other hand, the United States has never slackened in its preparations for a military offense. First, the U.S. land forces can complete their necessary deployment for an offense by the last 10 days of September; second, the preparatory work for communications, all kinds of provisions, and hospital ships has not yet been completed. It is estimated that the deployment of the U.S. troops will be completed by the end of September or the beginning of October. Temperatures in the desert will also drop slightly and that is the critical moment for waging war.

If the United States is slow in going into action, allows a large number of U.S. troops to endure hardships in the scorching desert, lets the hostages suffer both mental and

physical torture, and allows a stalemate without war, but no peace, this will be disadvantageous to Bush's elections at the beginning of November.

At the Pentagon, there is speculation that within two years Iraq will possess a nuclear weapon and if the United States starts to work now, it can eliminate future trouble in the Middle East at one fell swoop. The possibility that the Central Intelligence Agency will take drastic measures to assassinate or overthrow Saddam cannot be ruled out.

Saddam is an astute man. He sees that the danger of the United States starting to work at the end of September, or at the beginning of October, is real. Yesterday, he once again emphasized preparations for a "holy war" against U.S. troops. He publicly appealed to overthrow the Kingdom of Saudi Arabia and the regime of Israel.

Unless a major achievement is made at the U.S.-Soviet summit talks that make Saddam accept the proposal on withdrawal of his troops, the future three to four weeks will be decisive.

Soviet Reaction to Gulf Clash Viewed

HK0609040790 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 36, 3 Sep 90 pp 26-27

["Special dispatch" by Sheng Shiliang (4141 0013 5328) from Moscow: "The Soviet Union's Reaction to and Countermeasures on the Gulf Clash"]

[Text] War clouds are gathering over the Middle East again. After Iraq invaded and annexed Kuwait, the United States and other Western countries have deployed troops of 100,000 to 200,000 men, several hundred combat planes, and dozens of warships for battle, with which an army a million strong of Iraq is confronted. On the morning of 19 August, U.S. warships fired the first gun at an Iraqi oil tanker...

What attitude did the Soviet Union, another military and political power in the world, adopt in this critical situation that has become dangerously explosive?

The Gulf situation changed sharply, contrary to the Soviet Union's expectations. After meeting U.S. Secretary of State Baker in Irkutsk of the Soviet Union at the beginning of August, Shevardnadze, foreign minister of the Soviet Union, admitted that on the eve of Iraqi aggression, Baker expressed worries while Shevardnadze held that Iraq would not use force. After the incident occurred, the Soviet Government and its foreign ministry successively issued statements condemning Iraqi aggression and demanding that Iraq withdraw its troops and restore the sovereignty of Kuwait. While all levels of the Soviet Union were making known their positions, President Gorbachev gave the most authoritative speech in Odessa of the Soviet Union on 17 August: The act of Iraq is a "breach of faith and brazenly tramples on the international law and the United Nations Charter" and the Soviet Union "counts on the wisdom and sense of

responsibility of the Arab countries and the organizations of the other regions. He hopes that the United Nations and the Security Council will exercise their power," "contemplates actions within the category of collective mediation in the clash, and advocates that a political method be used to prevent this incident from developing into a military clash." Two days before Gorbachev delivered the above-mentioned speech, a spokesman of the Ministry of Foreign Affairs of the Soviet Union announced that on 14 August, the Soviet Union had sent a special envoy, Sejanke (3844 1017 4430), to the Middle East to mediate in the Gulf clash. This spokesman said that the aim of the Soviet special envoy's visit was to check the escalation of the tense Gulf situation and to resolve as soon as possible the crisis brought about by Iraqi aggression against Kuwait.

The stand of the Soviet Government is very clear and definite: Condemning aggression, opposing solution by means of armed forces, and advocating political mediation.

The comments of Soviet newspapers and periodicals are not so prudent as the government and they do not restrain their choice of words so much. While reporting Iraqi aggression, IZVESTIYA used a headline "Bandit Act" and held that Iraq wanted to take the Arab world by force and its aggression against Kuwait was the first step; TRUD satirized Iraq that it wanted to be a "candidate for a superpower." Another commentary in TRUD asked in reply: "Is it because the U.S. aggression against Panama provided it with an example that Iraq is so unscrupulous?"

Observers of XINSHIDAI (2450 2514 0108) [NEW TIMES] Weekly of the Soviet Union hold that had this occurred five years ago, Moscow would definitely not have such a reaction and "would possibly have congratulated the Iraqi solidiers with internationalism on helping the fraternal Kuwaiti people overthrow the reactionary regime or would have refused to publish a commentary but would have condemned the United States and Israel for interfering in the Arabian internal affairs." This weekly says that for 45 years after the war, the Soviet Union has for the first time named an Arabian country, which it had vigorously supported morally and militarily, an aggressor and that this reflects a change in the Soviet policy toward the Middle East and the Soviet reconsideration of the Soviet interests in that region.

The Soviet Union has its own interests in the Middle East and is now striving to make its own interests not contrary to those of the great majority of countries in that region, not as it did in the past. Soviet critics hold that an important lesson for Soviet relations with Iraq is that private interests that go against the universal principles of international law will yield an unwise policy without benefit.

The Soviet policy toward the Middle East is also affected by the fact that many Moslems live in the country and

supporting the extreme Islamic countries is disadvantageous to the stability of the Moslem regions in the Soviet Union. The Soviet critics maintain that in the future, the Soviet Union will strengthen its relations with the eastern part of the Arabian world, especially with such moderate countries as Egypt, Saudi Arabia, and the United Arab Emirates. Considering economically, the Soviet Union surely hopes that the flames of war in the Middle East will subside. Some people held that as the Gulf clash affected the export of Iraqi and Kuwaiti petroleum, it would be beneficial to the Soviet Union, a petroleum export country. Indeed, the Soviet Union exports 127 million tons of petroleum a year. The Gulf conflict made the oil price rise from \$14 to \$16 to \$26 to \$28 a barrel in April and May. As the price of crude oil has been raised by \$10, the Soviet Union can increase its income by \$5 billion a year from this. The gold price has recently increased by \$30 an ounce on account of the Gulf incident. The Soviet Union exports 200 to 300 tons of gold a year and can increase its income by \$200 million to \$300 million.

However, as output and amount of export of the petroleum of the Soviet Union has dropped sharply in recent years, even if the oil price stays stable at a high level, it will not be of much assistance to the Soviet income. It is because these are far from making up the losses brought about by the loss of a large amount of loans to the Soviet Union from Kuwait due to Iraqi aggression against Kuwait and the losses caused by the suspension of the Soviet projects in aid of Iraq.

The Soviet Union has not moved troops about and stirred up the people in the Gulf issue, as the United States has done, but has issued several statements only, held consultations with powers and countries concerned, sent two antisubmarine vessels to the Gulf to protect the Soviet merchant ships, and stopped the supply of munitions to Iraq. The Soviet Union has several hundred military experts in Iraq and they are teachers and arms maintenance personnel. It is said that they do not participate in planning and directing military operations.

It now seems that the Soviet Union obviously has no intention of sending its troops to interfere and has also disapproved of the U.S. attempt to resort to force. A political observer of IZVESTIYA holds that although Americans guarantee that force is used "for the sake of peace and stability," their words do not count. Arabs have never regarded the U.S. airborne force as a peace dove. Soviet people also understand that the United States does so because it wants to dominate the Gulf region that abounds in petroleum and is close to the Soviet Union in strategic position.

France's Role in Gulf Crisis Considered

HK0609143190 Beijing RENMIN RIBAO in Chinese
4 Sep 90 p 6

["Roundup" by staff reporter Zhang Qihua (1728 0796 5478): "France in the Gulf Crisis"]

[Text] Paris, 3 Sep (RENMIN RIBAO)—To cope with the situation in the Gulf, French Government leaders, from ministers up to the president, passed a restless vacation in August. President Mitterrand rushed back to Paris twice from his vacation to attend emergency cabinet meetings and met with seven party leaders in two days; Premier Rocard shortened his visit abroad; and several hundred parliament members were called back to attend special meetings of the parliament. The Palace Elysee has maintained constant touch with the Western allies and Arab countries through telephone hot lines. In working so intensively despite the extremely hot weather, the French highest authorities just want to play an appropriate part that consists of France's interests and position in the extremely complicated Gulf event.

Reviewing French leaders' remarks, government statements, and all other activities over the past month, one can see that France has mainly done the following things:

- France has strongly condemned Iraq's invasion and annexation of Kuwait as a sovereign state, and resolutely implemented the UN Security Council's resolutions on sanctions and embargo against Iraq; the French Navy has been active in enforcing the sea blockade against Iraq.
- It has sent a fleet headed by the aircraft carrier Clemenceau to the Gulf and a parachute unit consisting of nearly 200 persons to the United Arab Emirates. This is the first time for French troops ever to be deployed in a Gulf country.
- It has sent a number of special envoys to 24 countries on lobbying missions, to expound its policy and to hold close consultations through various channels with the UN secretary, as well as with the Soviet Union and other countries with different inclinations.
- It has built up an anti-crisis mechanism and, in view of the possible economic and social consequences of the crisis, formulated its short- and medium-term policies.

It is believed that the current event, as compared with other regional conflicts over the past few years, is quite a rare case in terms of the breadth and depth of its impacts on France. This may be attributed to some internal and external factors. In recent years, as far as foreign relations are concerned, France has focused its attention on the closer contact between Eastern and Western Europe and the development of Europe. In contrast to this, France has been unprepared for new turmoil and conflict that might arise in the wake of a relaxation of East-West relations. The drastic development in the Gulf situation has very soon involved the subtle issue concerning the security of the French Embassy in Kuwait and some 600 French nationals in the country. Any treatment that is not cautious in this situation by the French authorities may cause confrontation between different parties and factions at home. So President Mitterrand and his Socialist Party-ruled government need to act cautiously enough to enlist the extensive support from both the ruling party and the opposition.

France "is intervening in the Middle-East crisis in its own form" (as Mitterrand put it) and has adopted "a discriminative and cautious" attitude. As a Western country, France has not reacted in the same way as the United States and, in fact, it cannot possibly do so. Within Western Europe, France has not sided so closely with the United States as the UK did, nor does it concentrate solely on its domestic affairs like the FRG does in dealing with national reunification. The French principle toward the Gulf crisis is to support the United States while keeping it at some distance. Some people have raised such a question: if the United States won and thus kept the Middle East under its control, would that be totally advantageous to France? Based on this consideration, France needs to cautiously handle its relations with the United States.

The Middle East is the place on which France's interests rest. Nowadays France gets 45 percent of its oil supply from the Gulf region, which has an important bearing on its economic development; the Middle East has always been the biggest buyer of French-made weapons; and France even intends to play a part in Iraq's reconstruction program. If France has been involved more deeply in the current crisis than it formerly had been in Chad and Lebanon, it is not surprising. While supporting the U.S. military operation, France has expressed its intention to consider the possibility of settlement of the conflict by the Arabs on their own. In this connection, France is making every effort and trying every diplomatic means. The press holds that the reason why France does so is because it still wants to maintain a kind of traditional relationship with the Arab countries. In whatever form the Gulf crisis will be resolved, France wants to have a say.

Amid the current crisis, France also urged the European Community [EC] to discuss a five-point scheme concerning sanctions against Iraq and had it adopted by the EC. Meanwhile, it sponsored a joint meeting of defense ministers and chiefs of staff of the nine members of the Western European alliance, which was held in Paris. The meeting decided to form a Western European combined fleet to intervene in the Gulf crisis, and the meeting participants also agreed to offer mutual logistics support and exchange intelligence. Talking about France's anti-crisis strategy, a senior French government official said France cannot ignore the unity and construction of Europe. All these indicate that France's basic principle will be to base itself on Europe, support the United States, and have its focus placed on Arabia, no matter how the Gulf situation develops. But this will involve another question—will France be able to attend to all the aspects equally well?

Analysis of Iraqi, U.S. Military Muscle

HK0509134790 Beijing JIEFANGJUN BAO in Chinese
27 Aug 90 p 3

[Article by Zhuang Hanlong (8369 3352 7127): "Preliminary Analysis of U.S. and Iraqi Military Muscle"]

[Text] Because the flames of war are again raging in the Gulf, many Western countries have sent warships to the region out of consideration of their own interests. The U.S. soldiers and airborne troops hurriedly descended on the great desert of Saudi Arabia to await orders. U.S. President Bush announced that he has been considering military action against Iraq. The military confrontation between the United States and Iraq resembles an arrow on the bow, one which is ready to go at any moment. What then are the military strengths of the United States and Iraq?

Let us first look at the United States. According to reports from the foreign press, the United States has some 2.1 million servicemen, of which 800,000 men are in the Army. The troops sent to Saudi Arabia are some of those belonging to three divisions under the 18th Airborne Army: The 82d Airborne Division, the 101st Airborne Division, and the 24th Infantry Division. These three divisions comprise some 42,000 men. At present, there are roughly 40,000 U.S. Army soldiers stationed in Saudi Arabia. As for the Air Force, 50 F-15 fighters will be deployed, along with five surveillance planes, 14 F-111B long-distance bombers, and an unknown number of F-16 fighters and B-52 strategic bombers. According to information, some A-4 surface attack aircraft may also be deployed. As for the Navy, at present, more than 40 warships have been sent to the Middle East, including aircraft carriers, destroyers, battleships, etc. On board these warships are several hundred fighter planes, bombers, and cruise missiles.

What is the situation on the Iraqi side? According to British experts "the Iraqi forces are the largest in the Arab world, well trained and with the best equipment." According to a report by the French WORLD POST [SHIJIE BAO 0013 3954 1032], Iraq has 1 million soldiers, 5,500 tanks, 3,000 cannon, 500 support cannons, 160 helicopters, 513 fighter planes, and an unknown number of long- and medium-range surface to surface missiles. Iraq has 40,000 personnel in the Air Force and "Mig-23," "Mig-25," "Phantom F-1," "Sukhoi-7," and "Sukhoi-20" aircrafts. Iraq's Navy has some 5,000 sailors, five frigates, 38 coastal patrol craft, four small corvettes, and two minesweepers.

From the above figures, it is not difficult to see that the United States is much stronger than Iraq in the area of navy and air force. However, in the area of army, the United States does not seem to be stronger than Iraq. The use of the air force has been the strongest skill employed by the United States during recent years: During the invasion of Grenada, the shock attack on Libya, and the overrunning of Panama, the air force was used. Furthermore, the varieties of aircraft possessed by the Iraqi Air Force are relatively backward and, during the eight-year war against Iran, no outstanding performances can be cited nor any combat merit mentioned. Therefore, it is no match for the U.S. Air Force. As for the navy, Iraq's cannot be mentioned in the same breath as that of the United States. However, as a proverb goes: "An inch might be longer, a foot might be shorter," if

war really breaks out between the United States and Iraq, then Iraq has some strong points over the United States. First, the climate. Because it is in the desert, the sun burns and the wilderness stretches out endlessly. In summer, temperatures can reach 50 degrees Celsius. Each American soldier needs 15 to 20 liters of water daily, otherwise there is the danger of sunstroke or dehydration. This situation is indeed terrible for the big American GI's. Moreover, in that extremely hot weather, many advanced weapons cannot be used. Most Iraqi officers and men are adapted to this kind of environment. They have been tested by the eight-year war and have superior endurance compared with the U.S. forces. Second, geographical advantages. In modern warfare, logistics and supplies become more important. The Iraqi troops can fight a war on their own doorstep, with a short supply line; the U.S. troops are several thousand km from their own land, with various obvious inconveniences which do not need elaboration. According to an ASSOCIATED PRESS report, one single item, such as fuel can cost \$340 million per month. The 50,000 men in Saudi Arabia cost not less than \$440 million per month. And this is the bill before war breaks out. To speak frankly, no military strategist would fail to ponder, when he has only several tens of thousand troops, about attacking an army with 1 million men.

Precisely because of the situation mentioned above, President Bush hesitated on the problem of whether to go to war with Iraq. Hence, different opinions appeared within the U.S. Government. Weinberger, former defense secretary, shouted loudly, thinking that it was time for an attack against Iraq; Kissinger, former secretary of state, came out and said that it was unsuitable for the United State to involve itself in the Gulf from the land and that such a "painful choice" should not have been made. Outsiders do not know the decision but the people of the world are watching with concern.

Japanese Countermeasures for Middle East Viewed

HK0509050990 Beijing RENMIN RIBAO in Chinese
2 Sep 90 p 6

["Roundup" by staff reporter Yu Qing (0060 7230): "Japan Puts Forth Countermeasures for the Middle East"]

[Text] Tokyo, 31 Aug (RENMIN RIBAO)—Since the beginning of August, the Gulf situation has become the focus of discussion in Japan. There are two topics of conversation that are related to this: 1) What countermeasures Japan should take when it is faced with the Gulf crisis; 2) how it can enable some 400 Japanese people, who are held up in Iraq and Kuwait, to return home safely as soon as possible.

Before the middle of last month, as a satisfactory plan for the above-mentioned two matters had not been worked out, Prime Minister Kaifu decided to put off his visits to five countries in the Middle East, and to let Foreign Minister Nakayama visit them first to exchange views

with these countries. However, Japan was slow in determining its "countermeasures for the Middle East," the reasons were: 1) It was worried that Iraq might have an excessively sensitive reaction to its countermeasures, and the safety of the Japanese there would be endangered; 2) everybody at home was talking about the contents of the countermeasures for the Middle East.

On the evening of 29 August, Prime Minister Kaifu urgently met with reporters and released the repeatedly deliberated Japanese "contributive countermeasures" for the Middle East, the first part of which is to help restore peace in the Gulf Region and includes four measures: 1) The Japanese Government will hire civilian planes and ships to help transport materials, including food, water, medical articles, and medicines; 2) it will provide equipment and materials for preventing sunstroke and guaranteeing water supply; 3) it will send a medical group of about 100 people; 4) it will give monetary assistance to all countries to hire planes and ships. The second part consists of two measures for aiding the countries concerned in the Middle East: 1) It will give monetary aid to countries, such as Jordan, Turkey, and Egypt; 2) it will provide \$10 million to help the refugees in the territory of Jordan.

Whether the Gulf Region is stable or not directly affects Japan's economy. After Japan published its "contributive countermeasures" for the Middle East, the United States expressed dissatisfaction with the measures. The next morning, the chief of Cabinet Secretariat of Japan again gave a supplementary decision on providing multinational troops already involved in the Middle East Region, with aid amounting to \$1 billion. This was followed by information that Iraq was holding 143 men, who had been placed under house arrest in hotels in Baghdad, at its military facilities as hostages.

The views on the "contributive countermeasures" in Japan vary. Some people appraise the efforts the government has made under all kinds of pressure to confine the countermeasures for the Middle East to the non-military aspect. Some people maintain that providing the multinational troops, that are not a UN Army, with monetary aid belongs to military assistance in a broad sense, and whether this is appropriate or not is suspect. Some other people point out that although assistance in transport is confined to non-military materials, from the angle of another party in the dispute, this is considered a "hostile act"—these materials are the objects of military attacks, and Japan is liable to get involved in the military conflict.

Before and after putting forth the "contributive countermeasures" with "providing funds, giving materials, and sending personnel" as the main aspect, the issue of "sending personnel" has remained a heated point of discussion. After the Gulf crisis occurred, the United States vigorously urged Japan to intervene, even including military intervention. However, the Constitution of Japan provides that the application of armed measures to settle international disputes is prohibited.

Some people therefore, put forward a proposition that the Constitution and the law of the self-defense forces should be revised as soon as possible, to adapt the self-defense forces of Japan to the coordinated actions of the Western World.

According to this version, it appears that the Constitution in force hinders Japan from making contributions toward world peace. Some people point out that this argument merits attention.

The editorial of a newspaper here points out: The Constitution should not be regarded as a "restriction" on the international contributions made by Japan. Contributions made without resorting to armed force and with an image of a peaceful country are the role of Japan. People with breadth of vision point out sharply that the sending of troops abroad has long been expected by some people and the Gulf crisis provides them with an opportunity to give vent to their aspirations. The development of Japan's economy and the strengthening of its national power have benefited from the abandonment of armed forces and the pursuit of peace. This should be taken in consideration again.

Benin, Chinese Ministers Meet at UN Conference

OW0409063690 Beijing XINHUA in English
0037 GMT 4 Sep 90

[Text] Paris, September 3 (XINHUA)—The prime minister of Benin, Nicephore Soglo, met Monday with the Chinese Vice-Minister of Foreign Economic Relations and Trade Wang Wendong during the United Nations Second Conference on the Least Developed Countries.

Soglo praised China for its support and aid to Benin, which he said has proved fruitful and serves as an example of outside aid to the least developed countries, in particular the African countries south to the Saharan Desert.

Wang said China, which is itself a developing country, can only provide limited but sincere aid to the least developed countries.

Both of them expressed the wish that the friendship and co-operation between China and Benin will further develop.

The Beninese Foreign Minister Theophile Nata, and Finance Minister Idelphose Lemon attended the meeting.

The U.N. Second Conference on the Least Developed Countries opened Monday afternoon in the headquarters of the United Nations Educational, Scientific and Cultural Organization (UNESCO) here.

UN Conference on Lake Conservation Held

OW0509204290 Beijing XINHUA in English
1408 GMT 5 Sep 90

[Text] Hangzhou, September 5 (XINHUA)—Recent worldwide research has confirmed that the earth is already in the throes of global warming. Executive Director of the United Nations Environmental Program Mustafa Tolba, said here today.

He told the fourth international conference on the conservation and management of lakes here that the first report of the Inter-Governmental Panel on Climatic Change (IPCC), approved last week, estimates an average increase in world temperature by about three degrees centigrade before the end of this century.

The report was the result of 18 months of intensive assessment by over 1,000 of the world's leading scientists and policy analysts, he said.

"The impact of global warming could entail a worldwide increase in sea levels and alterations in rainfall patterns," Tolba said.

He warned that in arid and semi-arid regions temperature increases could result in decreased precipitation, leading to a 40 percent to 70 percent reduction in annual runoff, which will have profound implications for fresh water supplies, lake management and agricultural irrigation.

"Meanwhile, regions already faced with chronic food shortages may face even greater hardship in a greenhouse world," Tolba said.

In order to tackle the challenge, regional monitoring and assessment of climatic variations and impacts should be promoted, and international co-operation should be further tightened, Tolba said.

Chinese Measures Outlined

OW0609201190 Beijing XINHUA in English
1246 GMT 6 Sep 90

[Text] Hangzhou, September 6 (XINHUA)—China has adopted a series of measures to protect lakes from pollution and silting up in the past two decades, according to a Chinese official here today.

Qu Geping, director of the State Environmental Protection Bureau, told the fourth international conference on the protection and management of lakes that the main measures China has adopted include the greening of lakesides and the surrounding areas, control over reclamation of lakes, reduction of discharge of pollutants into lakes and diverting flows from rivers, as well as biological methods.

Moreover, China has worked out laws and regulations for the protection and better management of lakes.

He noted that due to the pressure of a growing population and poor management, the water quality in many lakes has deteriorated and silting up is also getting increasingly severe.

In the early 1950s China had 2,800 lakes covering 90,000 sq km. The number has been reduced by 500 and the area has dwindled by 18,000 sq km.

A survey of 35 lakes also shows that half of them have been polluted by organic compounds, especially the lakes near cities.

He also said that the water quality in China's main rivers and offshore waters is good, though the sections near industrial cities are polluted to a certain degree.

The conference is being attended by 373 scientists from 32 countries and regions, including Canada, India, Japan, Poland, the Soviet Union and the United States.

Mongolia To Send 89 Athletes to Asian Games

*OW3108181390 Beijing XINHUA in English
1509 GMT 31 Aug 90*

[Text] Ulaanbaatar, August 31 (XINHUA)—Mongolia will send over 100-member sports delegation to participate in the 11th Asian Games to be held in Beijing from September 22 to October 7.

Bold, president of the Mongolian State Olympic Committee who will head the contingent for Beijing asiad, told XINHUA that 89 of them are athletes.

They will take part in wrestling, judo, boxing, weightlifting, cycling, shooting, athletics, archery and gymnastics in the quadrennial Asian sports festival.

Among these sports, Mongolia hopes to win medals in the wrestling and boxing.

The president said the Mongolian delegation will leave for Beijing in three groups after September 15.

Asian Games Art Festival Opens in Beijing

*OW0109192090 Beijing XINHUA in English
1417 GMT 1 Sep 90*

[Text] Beijing, September 1 (XINHUA)—The Working People's Palace, a well-known tourist site in the center of the capital city, became a sea of flowers and songs as the curtain of the 11th Asian Games art festival was raised here this evening.

The gala tonight drew a total of 800 artists from Iran, Mongolia, the Democratic People's Republic of Korea and Chinese Taipei and host China, who gave exciting performances around the palace.

Some 8,000 Beijing residents and foreigners enjoyed dozens of artistic programs including dance with drums,

a typical dance in China's southeast Anhui Province, and a folk dance of Miao nationality, one of the 56 minority nationalities in China.

In the Roar River zone of the palace; a big model of the giant flame for the Asian Games was lifted. On the base of the flame, one well-known building from each member organization of the Olympic Council of Asia [OCA] [word indistinct], expressing the unity of the Asian continent.

The activities in other parts such as the front zone, east zone and west zone of the palace attired the park with songs, dances, joy and excitement.

Prior to the opening ceremony of the art festival, several activities of the art festival have been held.

The art festival, a prelude to and an important part of the Asian Games included three events—exhibitions, artistic performance, and temple fairs.

There will be more than 50 exhibitions during the Asian Games, to be hosted at such big museums as the nationalities palace, the Working People's Palace and the China arts and crafts exhibition and trading center.

The exhibitions totaling some 50,000 items on display, included an international sports philately exhibition, a Chinese sports arts exhibition and an Asian children's sports painting show.

The exhibits are organized with the support from International Olympic Committee President Juan Antonio Samaranch and the OCA.

An Asian sports photo exhibition, a Chinese sports photo exhibition and an Asian sports instrument and equipment exhibition are also planned.

The exhibitions are to give the visitors a picture of the traditional culture, social practice, customs of the Asian Games posts China and other parts of Asia.

The games organizers have invited a dozen hundred of artists from over 10 OCA member countries and regions including hosts China, and they are to offer over 50 artistic performances.

Unique programs in varied styles are expected. Hosts China feature 46 programs including noted modern drama "Tea House" and "Romeo and Juliet", a newly-prepared ballet by the China Central Ballet Troupe.

Ever more colorful will be the main parks in and around the Chinese capital.

A lantern festival entitled "Light of Coal" in the Beihai Park near the Forbidden City and another in the quiet garden park Taoranting had whipped out a "lantern fever" here. Both are to last to October 10, after the close of the Asian Games.

And fountain lantern festival named "Light of Asia" will be held from September 15 to October 10 in the Yuanminkyuan Palace Ruins Park.

Temple fairs, which feature religious rites and commercial activities, will provide good opportunities for overseas tourists in China during the art festival to know better the customs of the Pekingese.

Literacy Campaign Detailed at Education Conference

OW0509022190 Beijing XINHUA in English
0151 GMT 5 Sep 90

[Text] Geneva, September 4 (XINHUA)—China's literacy campaign, aimed to wipe out illiteracy by the end of this century, is going ahead at the speed of eliminating 4 million illiterates per year.

This is disclosed Tuesday afternoon by Wang Mingda, head of the Chinese delegation at the 42th International Education Conference, which is attended by more than 70 education ministers and 1000 experts in education from various countries.

Wang, also a deputy director of Chinese State Education Commission, said that about 170 million illiterates have learned to read and write over the 40 years since the founding of the People's Republic of China, and the percentage of illiterates in the nation's population has dropped from 80 percent in the first years of new China to the present 20 percent.

However, Wang pointed out that the task to realize the objective of eliminating illiteracy in China by the end of this century is still arduous because most of the illiterates live in remote and mountainous areas where economy, education and culture are relatively backward.

And what is more, Wang said, over 70 percent of the illiterates in these areas are women whose majority are over the age of 40.

All this poses great difficulties to China's efforts to accomplish the literacy campaign, Wang added.

International Symposium on China's Modernization

OW0109183390 Beijing XINHUA in English
1437 GMT 1 Sep 90

[Text] Beijing, September 1 (XINHUA)—It was out of its people's own historical choice that the People's Republic of China took the socialist road to modernization, said Liu Danian, one of China's leading historians, here today.

Speaking at a current international symposium on the history of modern China, Liu said that China's road to modernization in the early 20th century was a completely different one from that of the Western countries and it was with its own force that China opened its doors to the modern world.

Liu said that as a country with a long history and with one fifth of the world's population, China chose its socialist road not to break away from the mainstream of the world but to join the world trend.

Looking back at China's relations with the rest of the world in the early 20th century, the historian said that in the past China's connection with foreign countries was that of a semi-colony. But today, Liu said, China is an independent country and the present Chinese look at the world from a complete different angle.

In the first half of the 20th century China had relations with only two worlds, one was capitalist, and the other, socialist. The capitalist world turned independent China into a semi-colony. It blocked China's road to modernization and, for its own benefit, suppressed the growth of the country's national bourgeoisie.

From the very start, the idea of socialism and the values it contained strongly attracted the advanced elements of China's intellectuals, Liu said. The founding of the Communist Party of China made Chinese revolutionaries gain a new understanding of the road China should take to modernization. The success of China's national independence struggle and its democratic revolution rid China of the blockade on its road toward real modernization.

Liu mentioned the disputes in American academic circles about China's modern history. Some scholars hold that without the West there would be no modernization for China. Others hold that inner forces determined China's choice of socialism.

The historian disagreed with these ideas, saying that history is a long process and everything is changing. He warned observers of historical processes not to adopt isolated, static or one-sided approaches.

Asian-Pacific Smuggling Forum Held

OW0309080590 Beijing XINHUA in English
0743 GMT 3 Sep 90

[Text] Beijing, September 3 (XINHUA)—A Chinese official said here today that increased smuggling in his country and international drug trafficking have intensified the need for cooperation between customs officials of China and other countries.

Dai Jie, director of the General Administration of Customs, made his comments to customs officials from 15 Asian and Pacific nations and regions at the opening session of a seminar on the Nairobi Convention and ways to coordinate regional anti-smuggling efforts.

The seven-day seminar is jointly hosted by China's General Administration of Customs and the Customs Cooperations Council.

The Nairobi Convention, so-called because it was drafted by the Customs Cooperation Council in Nairobi, Kenya in 1977, aims at strengthening cooperation

among customs officials of various countries in their fight against rising international smuggling and drug trafficking.

China, which joined the Customs Cooperation Council in 1983, has been an active member and has maintained good relations with all member countries.

Besides discussing the Nairobi Convention, the 32 delegates will look into the possibility of establishing regional networks in anti-smuggling cooperation and in information exchange.

Report on International Sericulture Seminar

*SK0109045990 Shenyang Liaoning Provincial Service
in Mandarin 0930 GMT 30 Aug 90*

[Text] After a six-day session, the first international seminar on the technology of raising tussah concluded in the city of Shenyang on 30 August. Attending the seminar were more than 220 specialists and scholars from India, Japan, South Korea, Botswana, and the national organizations concerned.

Our country has a more than 2,000-year history in raising tussah. At present, there are more than 10 provinces across the country that are developing the undertaking of raising tussah. The province's output in this regard accounts for more than 70 percent of the national one. The undertaking in this regard has become a superior industry, which can earn foreign exchanges through exports. The convocation of the international seminar has a vital bearing on developing tussah production in the province.

During the seminar, Xiao Zuofu, vice governor of the province, received all participating representatives, including Dr. (Chi Bihong), chairman of the International Tussah Sericulture Society.

United States & Canada

Wu Xueqian Holds Talks With U.S. Visitors

*OW0109020990 Beijing XINHUA in English
0143 GMT 1 Sep 90*

[Text] Beijing, September 1 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with James K. Clifton, president of the U.S. Gallup Organization, Inc. (for marketing and attitude research), and his party as well as representatives of the U.S. Pan Pacific Trading Corporation here today.

As guests of the China Association for International Friendly Contacts, the U.S. visitors arrived here August 31 for learning about China's reform and open policy and its achievements.

Shanghai Mayor Meets With U.S. Professor

*OW0509135490 Shanghai WEN HUI BAO in Chinese
1 Sep 90 p 1*

[Text] Shanghai Mayor Zhu Rongji met yesterday evening with Professor Howard Palmerter of the University of Pennsylvania (Wharton) School of Finance and his wife, as well as Shan Weijian and Mo Ruoyu, chairman of Singapore's Huanmei Furniture enterprise group.

American professors came to Shanghai to teach at an advanced economic management class jointly run by Shanghai Jiaotong University and the University of Pennsylvania (Wharton) School of Finance. Mo Ruoyu financed the advanced class project for the American side. His brothers Mo Ruoli and Mo Ruoji were also present at the meeting.

Mayor Zhu had a friendly conversation with the distinguished guests.

Present at the meeting were Wang Daohan, adviser to the municipal government; Li Jiagao, vice chairman of the municipal people's congress standing committee; and the American acting consul general in Shanghai.

Polaroid Announces Venture With Shanghai Company

*OW0709091090 Beijing XINHUA in English
0652 GMT 7 Sep 90*

[Text] New York, September 6 (XINHUA)—Polaroid Corporation announced today the formation of Polaroid of Shanghai Limited to manufacture instant cameras and package film, and to market Polaroid imaging products throughout the People's Republic of China.

Polaroid of Shanghai Limited, which will initially employ 130 people, is a joint venture with the Shanghai Motion Picture Industry Company (SMPIC).

Polaroid's venture into China is part of the company's long-term growth strategy to expand instant photography beyond traditional geographic markets, according to I. MacAllister Booth, Polaroid's president and chief executive officer.

Initially, Polaroid of Shanghai will assemble Polaroid Supercolor 635CL instant cameras, one of the most popular in Polaroid's international camera line.

Used extensively in business applications, the 635CL instant camera will retail for about 100 U.S. dollars (500 yuan in Chinese currency). The company will also package Polaroid 600 Plus instant film.

Camera assembling will start later this year at the Shanghai Xian Feng Factory, a 1,700-square meter facility in Shanghai, as part of the joint venture with SMPIC.

Polaroid Corporation, with sales of almost 2 billion dollars, is the worldwide leader in high-quality, hard-copy instant imaging.

Soviet Union

Supreme Soviet Delegation Ends Visit to Urumqi

OW0609103090 Urumqi Xinjiang Television Network
in Mandarin 1300 GMT 5 Sep 90

[From the "Xinjiang News" program]

[Text] [video opens with a medium shot of the Soviet delegates walking toward the camera while screen caption reads "A Delegation of the Soviet of Nationalities of the Supreme Soviet Leaves Urumqi for Home Yesterday"; cuts to show them shaking hands with hosts, boarding an airliner and waving back at the top of the ramp to the hosts, who also wave back; and concludes with the plane taxiing for takeoff] A delegation of the Soviet of Nationalities of the Supreme Soviet, led by Yuri Kamanovich Salibov, ended a visit to our region and returned home on a plane yesterday afternoon. Among the leading comrades that came to the airport to see off the guests were Caodanuofu Zhayier, vice chairman of the Standing Committee of the autonomous regional people's congress; and Li Xuezhong, vice chairman of the Nationalities Committee under the National People's Congress, who accompanied the Soviet delegation to visit our region. The delegation of the Soviet of Nationalities successively toured Urumqi, Turpan, and Kashi and called on the Standing Committee of the autonomous regional people's congress during the period of their visit to our region.

Northeast Asia

CPC Delegation Departs for DPRK Visit

OW0709080890 Beijing XINHUA in English
0735 GMT 7 Sep 90

[Text] Beijing, September 7 (XINHUA)—A delegation of cadres of the Chinese Communist Party (CPC) left here by air today to pay a good-will visit to the Democratic People's Republic of Korea at the invitation of the Central Committee of the Workers' Party of Korea.

The delegation is led by Gao Yang, member of the CPC Central Advisory Commission.

Friendship Delegation Returns From DPRK

SK0709014190 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 3 Sep 90

[Text] After satisfactorily winding up its visit to the DPRK, the seven-member friendship delegation of Shandong Province, headed by Jiang Chunyun, secretary of the Shandong Provincial CPC Committee, returned to Jinan on the afternoon of 3 September.

Meeting the delegation at the station were Li Chunting, Standing Committee member of the provincial party committee; Zhang Ruifeng, vice governor of the province; and responsible comrades of pertinent provincial departments. When the delegation returned to Beijing from the DPRK a few days ago, Ma Zhongcai, Standing Committee member and secretary general of the provincial party committee, went to the airport to meet the delegation, and returned to Jinan on the same train.

During its visit to the DPRK, the Shandong Provincial friendship delegation was accorded cordial welcome from the Central Committee of the Workers Party of Korea [WPK]; and Comrade Kim Il-song, the great leader of the Korean people, cordially received all comrades of the delegation and posed for a picture together with them. Kim Chong-il, secretary of the WPK Central Committee, personally saw to the work concerning the reception of the delegation.

During its stay in the DPRK, the delegation visited and toured Haeju City, capital of South Hwanghae Province, as well as some plants, mines, farms, forest farms, orchards, fishing ports, harbors, historical museums, primary schools, middle schools, kindergartens, and peasant families in Chesong County, Kangnyong County, Anyak County, Chinchon County, Yinchon County, and Sokwa County. The delegation also visited and toured the Korean Revolutionary Historical Museum, the Friendship Tower, the Taesongsan Revolutionary Martyrs' Cemetery, the Central Party School, and the People's University in Pyongyang City. In addition, the delegation toured the noted West Sea Barrage and Kaesong City.

Wherever it went, the delegation was accorded warm welcome. And Jiang Chunyun, head of the delegation, talked about the friendship and exchanged experiences with responsible comrades of local party committees, and fully expressed the profound sentiments of friendship as well as best wishes of party committees at all levels and the people of Shandong Province to party committees and the people of Korea.

Responsible comrades of the WPK Central Committee as well as various provinces and counties in the DPRK highly appraised this friendship visit, maintaining that this visit by the Shandong Provincial friendship delegation is of great significance and has played a positive role in promoting the friendship between Chinese and Korean peoples.

During the friendship visit, the delegation maintained that in the methods and experiences of the WPK and the people in building socialist material and spiritual civilizations, there is much that we can learn from and make use of. In particular, comrades of the delegation were deeply impressed by the DPRK's endeavor in stressing agriculture and grain production; in making the country green; in penetrating, sustainedly, and effectively conducting the education on the revolutionary tradition, in encouraging the whole party and the whole society to

show concern for and cultivate the young generation, in paying attention to the training of cadres, and in encouraging cadres at all levels to serve the people and maintain close ties with the masses.

When the delegation left Pyongyang for home, Kim Chae-pong, deputy director of the International Department of the DPRK; Zheng Yi, ambassador of China to the DPRK; and a responsible comrade of the South Hwanghae Provincial party committee, went to the airport to see the delegation off.

Liaoning Border Trade With DPRK Reported

SK0709072190 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 6 Sep 90

[Text] Our province's border trade with North Pyongan Province of the DPRK has flourished, and the transactions have grown continuously. In the first seven months of this year, the import and export volume of the provincial border trade company totaled 43 million yuan, increasing by more than 2 million yuan over the combined volume of 1988 and 1989. Barter trade is the major form of border trade between our province and North Pyongan Province of Korea. Following the continuous development in the economies of these two provinces in the past few years, the variety of the import and export commodities has increased every year, and trade volume has grown substantially. This has not only promoted the unity and friendship between the peoples of the two countries but facilitated the economic construction of both sides, invigorated their markets, and improved the living standards of the people in the border areas of the two countries.

Vice Premier Wu Xueqian Meets Mongolian Visitors

OW0409102790 Beijing XINHUA in English 0939 GMT 4 Sep 90

[Text] Beijing, September 4 (XINHUA)—Wu Xueqian, member of the Political Bureau of the Chinese Communist Party Central Committee and vice-premier, met here today with a trade unions delegation from Mongolia led by S. Batbayar, chairman of the Mongolian Trade Unions Central Committee.

Nongovernmental Conference Ends, Report Issued

OW0609230390 Beijing XINHUA Domestic Service in Chinese 1602 GMT 6 Sep 90

[Text] Tokyo, 6 Sep (XINHUA)—The four-day fifth Japan-China Nongovernmental Conference closed in Tokyo today.

More than 100 delegates from the two sides and Chinese Ambassador to Japan Yang Zhenya attended today's closing ceremony. The Chinese delegation included such key members as Han Xu, president of the Chinese People's Association for Friendship With Foreign Countries; Sun Pinghua, president of the China-Japan Friendship Association; and Li Luye, secretary-general of the

Chinese Center for the Study of International Issues. The key members of the Japanese delegation include Seigi Ito, president of the Japan-China Friendship Parliamentary League; Haruo Okada, former deputy speaker of the House of Representatives; and Takashi (Xiangfang) [0686 0972], president of the Japan-China Friendship Association.

At the meeting, Yoshiro Hayashi, an LDP [Liberal Democratic Party] member of the House of Representatives, delivered a summing-up report based on the results of the group discussions over the last several days.

The report points out: In a cordial and friendly atmosphere, Chinese and Japanese delegates held candid and lively discussions on the current international situation, Sino-Japanese relations, the world economic situation, Sino-Japanese economic relations, and Sino-Japanese exchanges and cooperation in scientific, technological, cultural, and educational fields. The discussions were a great success.

The report points out: The present world is in the midst of abrupt and sharp changes. The old order created after World War II is being smashed, while the new order has not yet been created. Factors of instability continue to increase. For this reason, both Chinese and Japanese delegates unanimously deem it necessary to further strengthen cooperation, urge the United States and the Soviet Union to undertake further disarmament, promote an early peaceful reunification of the Korean peninsula, and support the plan of the five permanent members of the U.N. Security Council for the settlement of the Cambodian issue.

On economic questions, the report points out: While the bipolar world situation is becoming multipolar, there exist both the trend of economic globalization and the trend of economic regionalization. Both Chinese and Japanese delegates believe that, under such an international situation, economic cooperation between China and Japan and their economic development will help promote economic exchanges and development among other Asian nations.

On how to restore and develop Sino-Japanese friendly and cooperative relations, the report points out: The delegates from both sides believe that it is necessary to uphold the guidelines of the Sino-Japanese joint statement and the Sino-Japanese peace and friendship treaty, adhere to the principle of "peace and friendship, equality and mutual benefit, mutual trust, and long stability," and strive to develop the friendly and cooperative relations between the two countries to usher in the 21st century.

Then, Seigi Ito and Sun Pinghua separately delivered closing speeches. They expressed the hope that the practice of holding nongovernmental conferences to exchange views and promote the restoration and development of bilateral friendly and cooperative relations will become permanent. They expect to see further

development in Sino-Japanese relations at the next Sino-Japanese nongovernment conference.

The participants in the conference decided that the sixth Sino-Japanese Nongovernmental Conference will be held in Beijing in two years.

Toyota Company Opens Technical Training Center

OW0609200590 Beijing XINHUA in English
1342 GMT 6 Sep 90

[Text] Shenyang, September 6 (XINHUA)—An automobile technical training center, a co-operation project between Japan's Toyota Company and Chinese automobile companies, opened here Wednesday.

The "China Automotive Industry Toyota and Golden Cup Technical Training Center" is financed by the Toyota Company and jointly built by the China National Automotive Industry Corporation and the Shenyang Golden Cup Automobile Stock Company Ltd.

The center is designed to enroll 300 students for three-year courses. At present there are 100 students at the school.

The Toyota company has trained 12 Chinese teachers for the center and sent eight teachers from the company.

Toyota Delegation Visits

OW0409224790 Beijing XINHUA in English
1348 GMT 4 Sep 90

[Text] Beijing, September 4 (XINHUA)—Chinese State Councilor and Minister in charge of the State Planning Commission Zhou Jiahua met a delegation of Japan's Toyota Motor Corporation here this afternoon.

The Japanese delegation, led by the corporation's Managing Director and member of the Board Iwao Isomura, came to China for the opening ceremony of a Toyota-funded training center in Shenyang.

Japanese Honda Company To Expand Operations

OW0409083490 Beijing XINHUA in English
0535 GMT 4 Sep 90

[Text] Beijing, September 4 (XINHUA)—The Japanese multinational company Honda has announced plans in New York to establish three technical schools for mechanics in China and to expand its service network for motorcycles from four to 30 centers by 1992.

The plans are designed to meet the expected growth in demand in the Chinese motorcycle market that has seen a near doubling in market size over the past three years.

Honda's plans include three technical schools for mechanics in Guangzhou, Shanghai and Chongqing.

Honda will provide the schools with machinery, technical advice, curriculum and local instructors.

The company now has service centers in four major Chinese cities and will expand the service network through several Chinese motorcycle manufacturing companies.

To these ambitious plans, China's motorcycle industry officials in Beijing said the efforts to help train Chinese professionals are welcome.

China's annual output of motorcycles climbed from 12,000 in 1978 to 1.17 million in 1988.

NPC Vice Chairman Meets Japanese Bankers

OW0409105290 Beijing XINHUA in English
1011 GMT 4 Sep 90

[Text] Beijing, September 4 (XINHUA)—Chen Muhua, vice-chairman of the Standing Committee of the National People's Congress (NPC), met Shiro Egawa, chairman of the board of directors of the Nippon Credit Bank, Ltd., and his party here this afternoon.

The Japanese guests are here for a 10-day visit to China at the invitation of the Bank of China.

CPPCC Leader Meets Japanese Youth Group

OW0309094290 Beijing XINHUA in English
0822 GMT 3 Sep 90

[Text] Beijing, September 3 (XINHUA)—Wang Guangying, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met here this afternoon with a youth goodwill mission from the prime minister's office of Japan.

The group, invited by the All-China Youth Federation, is scheduled to visit Lanzhou, Dunhuang, Nanjing, Hangzhou and Shanghai after their stay in Beijing.

Sino-Japanese Language Center Inaugurated

OW0109121090 Beijing XINHUA in English
1051 GMT 1 Sep 90

[Text] Beijing, September 1 (XINHUA)—The Orient Japanese-Language Training Center was inaugurated here today.

Entrusted by the Chinese Ministry of Public Health, the Beijing Hospital set up the center with the Japanese Orient Corporation providing financial help.

A set of audio-visual equipment for language teaching worth over one million yuan was donated by the corporation, which will also finance the center to the tune of 10 million yen each year, according to the center's three-year contract.

The center aims at promoting Sino-Japanese academic exchanges of medical science and will accept trainees selected by the Ministry of Public Health.

The Orient Corporation, a banking institution, has been financing a similar center at the institute of software under the Chinese Academy of Sciences for two years.

Sino-Japanese Vegetable Oil Venture in Operation

*OW0609200290 Beijing XINHUA in English
1354 GMT 6 Sep 90*

[Text] Dalian, September 6 (XINHUA)—The Dalian Nisshim Oil Company, Ltd, a Sino-Japanese vegetable oil joint venture, went into operation here today.

The company involves an investment of 29.75 million U.S. dollars and is jointly funded by the Dalian Oil Factory, Japan's Nisshim Oil Mills Ltd and six other companies.

The joint venture is designed to produce 180,000 tons of vegetable oil, mostly soybean oil, every year, and part of its products will be exported.

The key equipment of the company has been imported from abroad and the company has two special harbor berths.

Southeast Asia & Pacific

Burma, China Develop Cultural Exchange Program

*OW0509134990 Beijing XINHUA in English
1145 GMT 5 Sep 90*

[Text] Yangon [Rangoon], September 5 (XINHUA)—Four Myanmar [Burma] women left here this afternoon for China to study in Chinese universities in accordance with a cultural exchange plan between the two countries.

The four women, aged between 25 and 33, will study the Chinese language as advanced students.

Three of them will go to Wuhan University which is located in Wuhan, capital of central China's Hubei Province, while the other one will be in the Beijing University.

During their study in China, the Chinese State Education Commission will provide them with scholarship.

Last year, two Chinese girls came to Myanmar to study the Myanmar language in Yangon.

Envoy Presents Credentials to Indonesian Official

*OW0709081790 Beijing XINHUA in English
0734 GMT 7 Sep 90*

[Text] Jakarta, September 7 (XINHUA)—Liu Xinsheng, charge d'affaires ad interim of the Embassy of the People's Republic of China in the Republic of Indonesia, called on Azahazi Boer, director of the Asia-Pacific Department of the Indonesian Foreign Ministry, this morning.

Liu, who arrived in Jakarta on September 4, delivered an introduction letter to Boer. The letter was signed by Chinese Foreign Minister Qian Qichen to his Indonesian counterpart Ali Alatas.

Boer welcomed Liu Xinsheng being designated as charge d'affaires ad interim, and said the Indonesian Government will offer all helps to setting up of the Chinese Embassy here.

An understanding memorandum to restore the diplomatic relations between China and Indonesia after a suspension of 25 years was signed by their foreign ministers during a good-will visit to Indonesia by Chinese Premier Li Peng at the invitation of President Suharto in early August.

National Day Greetings Sent to Vo Chi Cong

*BK0509131490 Beijing International Service
in Vietnamese 1100 GMT 2 Sep 90*

["Text" of message from PRC President Yang Shangkun to Vo Chi Cong, chairman of the State Council of the Socialist Republic of Vietnam, "greeting Vietnam's 45th National Day"; dated 1 September]

[Text] On the occasion of the 45th founding anniversary of the Socialist Republic of Vietnam, on behalf of the Chinese Government and people, I would like to convey my warm greetings.

China and Vietnam are two neighboring countries. The peoples of our two countries have long-standing friendship. We sincerely wish the relations and long-standing friendship between the two Sino-Vietnamese peoples are promptly restored and developed.

Sino-Australian Economic Commission Ends

*OW0409225890 Beijing XINHUA in English
1432 GMT 5 Sep 90*

[Text] Beijing, September 4 (XINHUA)—The fourth session of the China-Australia Ministerial Joint Economic Commission closed here this afternoon.

The commission's Australian chairman, Minister of Foreign Affairs and Trade Neal Blewett, said the session was a milestone in the two countries' economic and trade relations, which have arrived at a mature stage, according to sources at China's Ministry of Foreign Economic Relations and Trade.

The sources said the session comprehensively reviewed the two countries' economic and trade relations, discussed bilateral and regional economic co-operation and defined the orientation for Sino-Australian economic and trade co-operation.

The sources quoted the commission's Chinese chairman, Minister of Foreign Economic Relations and Trade Zheng Tuobin, as saying China appreciates Australia's efforts to develop the two countries' economic and trade relations.

Zheng said China sees broad prospects for the two countries' economic co-operation after the successful session.

Later this afternoon Chinese State Councilor and Minister in charge of the State Planning Commission Zhou Jiahua met Blewett.

Zhou said exchanges of views between the two governments will have a positive impact on the two countries' economic relations.

Blewett said there is still a lot of work to do to restore the two countries' relations. However, the most important thing is to exchange views openly and frankly so as to achieve mutual understanding, which is the basis of friendship.

Near East & South Asia

Reportage on Visit by Iraq's First Deputy Premier

Meets With Li Peng

OW0709102990 Beijing Domestic Service
in Mandarin 0930 GMT 7 Sep 90

[From the "National Hookup" program]

[Text] Premier Li Peng met with Iraqi First Deputy Prime Minister Ramadan, who has been on a working visit to China, and his entourage in Zhongnanhai this afternoon.

During the meeting, Ramadan briefed Li Peng on the current Gulf situation and the Iraqi stand.

Li Peng explained to Ramadan China's principled stand on the Gulf crisis. He said: Relations between states should be based on the five principles of peaceful coexistence. Sovereignty, independence, and integrity of each country should be fully respected. Disputes between countries should be solved through peaceful political means, (instead of) resorting to the use of force. Based on this principled stand and motivated by the concern for peace in the Gulf, China voted for the various resolutions of the UN Security Council. At the same time, China opposes military involvement in the Gulf region by big countries because it will further complicate and aggravate the situation in the Gulf region.

Li Peng stressed: China is deeply disturbed by the turbulent situation in the Gulf region. We sincerely hope that a fair solution to the Gulf crisis will be found within the Arab scope and on the basis of the relevant resolutions of the UN Security Council. We believe that any kind of negotiations should be conducted within the framework of the resolutions of the UN Security Council. We hope that Iraq will respond to the mediation efforts of the Arab nations and the appeal of the international community by promptly taking the initiative to support the UN secretary general's mediation,

unconditionally withdraw troops from Kuwait as soon as possible, and solve the dispute through negotiations.

Vice Premier Wu Xueqian was present at the meeting.

Meets With Vice Premier

HK0709055190 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 7 Sep 90 p 1

[Report entitled: "Gulf Crisis Should Be Settled Politically Within the Scope of the Arab Countries"]

[Text] Chinese Vice-Premier Wu Xueqian held talks with Iraqi First Deputy Prime Minister Taha Yasin Ramadan in the Diaoyutai State Guest House this afternoon.

Both sides exchanged views on the current Gulf situation, and Ramadan made a presentation of Iraq's position on the Gulf crisis, according to a Chinese official attending the meeting.

He said Wu expressed the view that relations among countries should be established on the basis of the five principles of peaceful coexistence. China voted for the relevant resolutions of the Security Council of the United Nations to show its position of opposing solving disputes between countries through force. Proceeding from this position, China is against Iraq's invasion of Kuwait by dispatching troops, he pointed out.

Wu stressed that China holds that the Gulf crisis should be solved politically within the scope of the Arab countries, and supports the mediation efforts by Arab countries and the U.N. secretary general.

He also stressed that China opposes resorting to force by big powers, which will further worsen and complicate the Gulf situation.

He said China hopes that Iraq will, for the stability and peace of the region and the fundamental interests of the Arab nations, respond to the mediation efforts of the Arab countries and the U.N. secretary general, withdraw from Kuwait as soon as possible and restore Kuwait's independence, sovereignty and territorial integrity.

Ramadan and his party arrived in Beijing today for a working visit to China.

Iraq's Position Presented

JN0709122090 Baghdad INA in Arabic 1145 GMT
7 Sep 90

[Text] Beijing, 7 Sep (INA)—PRC State Council Premier Li Peng today received Taha Yasin Ramadan, member of the Revolution Command Council [RCC] and first deputy prime minister.

Taha Yasin Ramadan presented Iraq's viewpoint on the developments in the region and the dimensions of the U.S.-Western invasion and its colonialist objectives, as well as the grave consequences threatening the region

and the world as a result of the U.S. administration's insistence on the option of armed aggression.

Li Peng expressed his country's concern that security and peace prevail in the Gulf and the Arabian peninsula, stressing that China rejected the use of force to settle disputes.

The RCC member's talks with Li Peng dealt with Iraqi-Chinese relations and the need to expand and develop them to serve their common interests.

Iraq was represented at the meeting by the undersecretaries of the Foreign and Agriculture and Irrigation Ministries, and China by Vice Premier Wu Xueqian, the Foreign Ministry undersecretary, a number of officials, and the PRC ambassador in Baghdad.

China Believes Grain, Medicine Not Under Embargo
HK0709111090 Hong Kong HSIN WAN PAO
in Chinese 7 Sep 90 p 1

["New Talk" column: "China and Iran Say Grain Is Not Under Embargo"]

[Text] Both China and Iran hold that grain and medicine are not under embargo to Iraq according to the resolution adopted by the UN Security Council.

This stand by China was clearly explained yesterday by Li Jinhua, Chinese Foreign Ministry spokesperson.

At a Foreign Ministry press briefing, Li Jinhua said China voted for UN Security Council Resolution No. 661. A resolution which clearly stipulates that the embargo placed on Iraq does not include articles purely for the purpose of medical treatment and food provided in humanitarian consideration.

Li Jinhua continued: "In my opinion, this should be carried out strictly."

An editorial in the TEHERAN TIMES, which is close to the government, said: "There is a question of humanitarianism these days, which Iran must solve. Should we, in this Islamic Republic, help the Muslim people in Iraq when they are faced with an economic blockade and are at a difficult moment? Iran is surely able to solve almost all the food and medical problems facing the 16 million Iraqi people."

China and Iran have two common viewpoints:

First, both denounce Iraq for invading and annexing Kuwait. Their clear-cut stand of opposing aggression has never been shaken and brooks no misunderstanding.

Second, both oppose the military intervention by the big powers in Gulf affairs. They are clearly not in favor of the U.S. military actions in the Gulf area.

These two points were reemphasized by Jiang Zemin, general secretary of the CPC, when meeting with his Indian guests yesterday.

India also has some complaints in the current Gulf crisis. It has applied to the United Nations to transport food to Kuwait to help the tens of thousands of Indians residing there. An Indian Foreign Ministry spokesman said that the Western countries have hired Iraq's airliners to take their nationals away but have neglected the destiny of the Indian laborers in Kuwait and Iraq.

If China, Iran, and India want to transport food and medicine to Iraq, how will the international troops, mainly the U.S. troops, react?

As there are land routes between Iran and Iraq, it is easier for Iran to use trucks to transport grain and medicine to Baghdad, if the U.S. troops do not launch air raids. But China and India can only transport grain and medicine by plane and ship. If the United States wants to interfere there will be trouble and there will be a struggle.

Iraqi Deputy Prime Minister Ramadan is now visiting Beijing. Many issues of concern have been discussed. Iraqi Foreign Minister Aziz has just returned to his country after visiting the Soviet Union. He will go to Iran on Sunday. Iran and Iraq fought each other for eight years and there were millions of casualties on both sides. Now the former enemies have become friends. This shows that nothing is absolute in this world.

The United States is flaunting its military strength. On the one hand, Secretary of Defense Cheney said that the number of U.S. troops now stationed in Saudi Arabia and other parts of the Gulf area has reached more than 100,000. On the other, General Moore, commander of the marine corps, declared that once war breaks out between the United States and Iraq, the U.S. troops will use the most violent action the Iraqis have ever seen and will completely destroy the Iraqi defense in as little as three to five minutes after the war starts!

There are still 5,000 Chinese laborers in Iraq and some 1,000 Soviet military advisers have not yet been withdrawn. Moreover, there are still some Western residents there from the United States, Britain, and France. If the U.S. troops take the "most violent action" and completely destroy the Iraqi defense "in as little as three to five minutes," does it mean that they will show no consideration for the safety of these people and will do it regardless of any serious consequences?

Jiang Zemin Views Sino-Indian Relations

HK0709121390 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 7 Sep 90 p 1

[Report by staff reporter Gu Yuqing (7357 3768 3237): "While Meeting With a Delegation From the Indian National Congress (I), Jiang Zemin Said That China Has Attached Importance To Developing Sino-Indian Friendly Relations"]

[Text] Beijing, 6 Sep—This afternoon, Jiang Zemin, general secretary of the CPC Central Committee, met at

Zhongnanhai a visiting delegation from the Indian National Congress (I) led by its general secretary Bal Ram Jakhar.

Jiang Zemin warmly welcomed the visit of the delegation. He said: China and India are two countries with an ancient civilization. They started their friendly exchanges 5,000 years ago. The population of the two countries has accounted for one-third of the world's total. In the past, our two countries experienced sufferings and misfortunes, and had a history of being invaded by imperialists. Now they are facing the common task of developing their economies.

General Secretary Jiang Zemin continued: We attach importance to Sino-Indian friendship. He positively evaluated the policy of friendship with China pursued by President Rajiv Gandhi. He also expressed appreciation for the positive attitude of Indian Prime Minister V.P. Singh in maintaining the continuity of India's policy toward China by further expanding Sino-Indian relations.

Jakhar said: The history of India and China dates back to ancient times. India-China friendship is beneficial to Asia and the world. He believed that the exchanges of visits by delegations from the two parties can help consolidate the existing ties, and strengthen the two parties' extensive cooperation.

On the Gulf situation, Jiang Zemin said: China has always been opposed to the bullying of small countries by big ones. We oppose Iraq's invasion and annexation of Kuwait and are also opposed to the military involvement in the Gulf by big powers. We have always advocated that disputes between different nations should be solved through peaceful consultation. He pointed out: Under the current situation the five principles of peaceful coexistence initiated jointly by China and India are of special significance for handling relations between nations. Jakhar agreed with this.

Jiang Zemin also briefed his guests on China's domestic situation. [Beijing Radio in Mandarin at 0930 GMT on 6 September in a similar report adds: "He said: The political situation in China is stable. Conspicuous results have been scored in improving the economic environment and rectifying the economic order. We have consistently adhered to the principle of making agriculture the foundation. Output of summer grain this year is expected to surpass all previous records."] He stressed: Without a domestic environment of stability and unity, and a peaceful international environment, it is impossible for a country to promote its economy.

Jakhar spoke highly of China's achievements in reform and opening up. He stressed that China's rapid development and enormous achievements have left a deep impression on his delegation.

Vice Premier Wu Xueqian Meets Indian Delegation

OW0409145090 Beijing XINHUA in English
1425 GMT 4 Sep 90

[Text] Beijing September 4 (XINHUA)—Wu Xueqian, a member of the Political Bureau of the Communist Party of China (CPC) Central Committee and vice-premier, met with a delegation from the Indian National Congress (I) led by its general secretary, Bal Ram Jakhar, here tonight.

Jakhar conveyed regards to the Chinese people from Rajiv Gandhi, president of the Indian National Congress (I).

Wu said he had met Rajiv Gandhi twice and had had conversations with him. He said he got the impression that Rajiv Gandhi attaches great importance to expanding friendly relations and co-operation with China in various fields, and gears Sino-Indian friendship and co-operation to peace and stability in Asia and the world as a whole.

"We share the same views in this regard," Wu stressed.

He said that the Indian Government and Parliament as well as the Indian National Congress (I) attach great importance to friendship with China, and that the CPC and the Chinese Government set great store by expanding relations with India. "We attach importance to your current visit to China," Wu said. Frequent exchanges of visits can increase mutual understanding and thus help open up more areas for co-operation, he added.

Jakhar said Rajiv Gandhi attaches great importance to friendship with China and to expanding ties between the two parties, and had organized several high-ranking delegations to visit China.

Jakhar said Rajiv Gandhi holds that if India and China can make their ties closer they will both play bigger roles in the international community.

Jakhar said he himself believes the current government of India will also uphold the policy of friendship with China laid down by Rajiv Gandhi.

The delegation arrived in China August 26 at the invitation of the CPC Central Committee.

Zhu Liang, member of the CPC Central Committee and head of the committee's International Liaison Department, held talks with the delegation.

Senior officials from China's Ministry of Agriculture, State Science and Technology Commission, State Nationalities Affairs Commission and State Family Planning Commission had discussions with the Indian visitors.

Apart from Beijing, the delegation has already toured Guangzhou, Zhuhai, Zhongshan and Dalian.

Yang Fuchang Meets Special Libyan Envoy*OW0609115990 Beijing XINHUA in English
1121 GMT 6 Sep 90*

[Text] Beijing, September 6 (XINHUA)—Chinese Vice Foreign Minister Yang Fuchang met here yesterday with Gomma al-Fara Gani, special envoy of Libyan leaders.

Gani briefed Yang on the stand of his country concerning the Gulf crisis and Libya's effort in settling such a crisis.

Yang expressed a welcome to Gani's visit to China.

He reiterated China's stand on the Gulf crisis.

Gani arrived here yesterday and left here today.

More on Yang Shangkun, Tunisian Envoy Meeting*HK0409084090 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 4 Sep 90 p 1*

[Report by He Chongyuan (0149 1504 0337): "Yang Shangkun Meets a Special Envoy of the Tunisian President"]

[Text] Beijing, 3 Sep (RENMIN RIBAO)—China hopes that Iraq will respond to the mediation of the Arab League and the appeal of the international community to withdraw its troops from Kuwait immediately, totally, and unconditionally; to restore the independence, sovereignty, and territorial integrity of Kuwait; to solve disputes through negotiations with the Kuwaiti legal authorities; and to restore peace and stability in the region as soon as possible, President Yang Shangkun said here this afternoon.

Yang Shangkun made these remarks during a meeting in the Great Hall of the People with Mahmoud Mestiri, special envoy of the president of the Tunisian Republic.

Yang Shangkun extended a welcome to Mestiri and reiterated to him China's principled stand on the Gulf crisis. The Chinese Government has always held that state-to-state relations should be based on the five principles of peaceful coexistence and that their differences and disputes should be solved peacefully through consultations on an equal footing, Yang Shangkun continued, adding that it was on this basis that China voted for the related resolution of the UN Security Council. China stands for a settlement of the Gulf crisis by the Arab and Gulf countries themselves within the framework of the Arab League and is against the big powers' military involvement in the Gulf area, Yang Shangkun pointed out. He appreciated Tunisian President Ben Ali's efforts to seek a solution to the Gulf crisis within the Arab world.

Mestiri handed a letter from President Ben Ali to Yang Shangkun.

West Europe**Friendly European Relations Encouraged***OW0709080790 Beijing XINHUA in English
0732 GMT 7 Sep 90*

[Text] Beijing, September 7 (XINHUA)—Chinese Communist Party General Secretary Jiang Zemin today said China always seeks to develop friendly relations with European countries.

Jiang made the remark during a meeting with a group of Italian visitors led by Vincenzo Scotti, chairman of the Christian Democratic group in Italy's Chamber of Deputies.

Jiang bid Scotti and his group welcome, saying he was glad to get acquainted with him.

Jiang said China and Italy, both nations with an ancient civilization, have enjoyed good relations since they forged diplomatic ties.

"China always holds that it should develop friendly relations with European countries, including Italy," Jiang said.

Scotti said the Italian Government believes that in the present international situation, it needs to and must restore its economic and political relations with China at an early date, and meanwhile, it should push for an overall resumption of the European Community's relations with China. This is most important for the moment, he said.

China is playing an increasingly important role in international affairs, Scotti noted. China's positions on some international issues, the Gulf crisis and the Cambodia issue in particular, have produced positive effects.

Jiang, speaking of the Gulf crisis, reiterated that China opposes Iraq's armed invasion of Kuwait and big powers' military involvement as well.

China has always opposed big nations bullying smaller ones and strong nations bullying weak ones, he said.

The five principles of peaceful coexistence initiated by China and India have proven to be the best principles for handling nation-to-nation relations, he said.

Chinese EC Mission Chief Presents Credentials*OW0409062690 Beijing XINHUA in English
0010 GMT 4 Sep 90*

[Text] Brussels, September 3 (XINHUA)—The new head of PRC's Mission to the European Communities, Xia Daosheng, presented his credentials this afternoon to Jacques Delors, president of the Commission of the European Communities.

Xia arrived in Brussels on June 27.

Jiangsu Export Exhibition Opens in FRG City

OW0509203690 Beijing XINHUA in English
1741 GMT 5 Sep 90

[Text] Bonn, September 5 (XINHUA)—A number of contracts in millions of U.S. dollars were concluded in the first day of the fifth export goods exhibition of China's Jiangsu Province opened on Tuesday in Koeln, West Germany.

A contract signed on knitwares amounts to 2.7 million dollars while that on mechanical products, 2.5 million dollars.

The exhibition features more than 2,000 kinds of commodities, including silk, handicrafts, potteries, chinawares, natural products, with 20 percent of them being new innovations.

Director of the Koeln chamber Victor Vogt said at the opening ceremony that the annual exhibition has been successful with business finished jumping sharply from 100 million dollars in 1986 to 300 million last year.

He hoped further development in trade between China and West Germany.

The exhibition will last one week.

Tian Zhenpei Holds Talks With French Official

OW0709022890 Beijing XINHUA in English
0109 GMT 7 Sep 90

[Text] Paris, September 6 (XINHUA)—Visiting Deputy Chinese Foreign Minister Tian Zhenpei today held talks with French Foreign Ministry Secretary General Francois Scheer to discuss bilateral political and trade relations, and international problems of common concern.

Both ministers said bilateral relations are developing steadily, while further exchange of opinions are needed to address the current international situation.

Meanwhile, Tian yesterday met French Foreign Ministry Representative Edwige Avice and President of the Foreign Affairs Commission and Defense Senate Jean Lecanuet.

Tian arrived here on September 4 following his visits to Albania, Hungary, Bulgaria, Yugoslavia, Romania, and Italy.

Shanghai-Marseilles Cooperation Agreement Signed

OW0409194690 Shanghai City Service in Mandarin
0900 GMT 27 Aug 90

[From the "News and Weather" program]

[Text] The Shanghai Municipality and Marseilles City Cooperation Agreement was signed at a ceremony held

in the Xinjinjiang Hotel today. Zhu Rongji, mayor of Shanghai Municipality, and the mayor of Marseilles, signed the agreement on behalf of their respective municipal and city governments.

At their meeting, the two mayors expressed their wish to further expand the scope of cooperation between the two cities. To deepen mutual understanding and to promote friendly relations between the two cities, the agreement provides for a sustained cooperation between them. For this purpose, a Shanghai-Marseilles Friendship and Cooperation Committee will be formed with the two mayors as co-chairmen to implement exchange programs.

The agreement also spells out the friendly exchange programs between the two cities for 1991-92, covering transportation, waste disposal, economy, trade, cooperation between ports, and cultural and educational exchanges.

Huang Ju, vice mayor of Shanghai, and the French consul general to Shanghai, were among others who were present at the signing ceremony.

China Appoints New Ambassador to Luxembourg

OW0609201990 Beijing XINHUA Domestic Service
in Chinese 0736 GMT 6 Sep 90

[Text] Beijing, 6 Sep (XINHUA)—In accordance with a resolution adopted by the Standing Committee of the National People's Congress, Yang Shangkun, president of the PRC, dismissed Lu Qitian from his post as ambassador extraordinary and plenipotentiary of the PRC to the Grand Duchy of Luxembourg and appointed Zhao Liang [6392 2733] to that post.

Party Group Meets Portuguese Communist Leader

OW0609082790 Beijing XINHUA in English
0801 GMT 6 Sep 90

[Text] Lisbon, September 5 (XINHUA)—General Secretary of the Central Committee of the Portuguese Communist Party (CPP) Alvaro Cunhal met today with a delegation of the Chinese Communist Party (CPC) headed by Xing Chongzhi, secretary of the Hebei Provincial Committee of CPC.

During the meeting, which was described as proceeding in a friendly atmosphere, both sides expressed confidence in the future of socialism and agreed that they held identical views on the fundamental issues concerning socialism.

The Chinese delegation arrived here earlier today to attend the 14th festival of the CPP newspaper "AVANTE", which will take place here from Friday to Sunday.

Comparison—PRC, Turkish Ministers Hold Talks*OW0509125890*

Beijing XINHUA Domestic Service in Chinese at 0837 GMT on 5 September carries a 818-character report, filed by reporter Zheng Jinfa from Ankara, on talks held between Chinese Foreign Minister Qian Qichen and his Turkish counterpart Ali Bozer in Ankara on 4 September.

The XINHUA Domestic Chinese report has been compared to the XINHUA English version published in the 5 September 1990 China DAILY REPORT, beginning on page 18, revealing the following variations:

Page 18, column two, last paragraph of item, only sentence, XINHUA Domestic reads: ...Prince Norodom Sihanouk, supports the stand taken by the Association of Southeast Asian Nations on the Cambodian question, and supports Democratic Kampuchea's seat at the United Nations.

The Turkish foreign minister stressed that the Cambodian question should be resolved within the UN framework, and that the Cambodian people should exercise the right of self-determination. Turkey welcomes the progress made recently in solving the Cambodian issue. (adding phrase and last paragraph).

Latin America & Caribbean**Official Meets Guyana Agricultural Delegation***OW0709081590 Beijing XINHUA in English
0754 GMT 7 Sep 90*

[Text] Beijing, September 7 (XINHUA)—Chinese State Councillor Chen Junsheng met with Patrick McKenzie, Guyanese senior minister of agriculture, and his party here this afternoon.

Chen and the guests exchanged views on further development of the two countries' economic and trade relations.

Sino-Guyanese Cooperation Meeting Minutes Signed*OW0709080190 Beijing XINHUA in English
0618 GMT 7 Sep 90*

[Text] Beijing, September 7 (XINHUA)—China and Guyana here today signed a summary of minutes of the fourth meeting of the Sino-Guyanese economic and trade cooperation mixed committee and a protocol on managerial cooperation in Guyana Sanata Textile Mills.

Zheng Tuobin, Chinese minister of foreign economic relations and trade, and Patrick McKenzie, senior minister of agriculture of Guyana, signed the document. An exchange of notes was also signed on the occasion.

Prior to the signing ceremony, Zheng met with McKenzie and his party.

Political & Social

NPC Standing Committee Meeting Continues

NPC Legislation

OW0709035090 Beijing Domestic Service
in Mandarin 0300 GMT 7 Sep 90

[From the "30 Minutes at Noon" program]

[Text] [program in progress] The PRC Railway Law and the PRC Law Governing the Protection of Rights and Interests of Returned Overseas Chinese and Their Families.

President Yang Shangkun, in Presidential Decrees Nos. 31, 32, and 33 issued today, ordered these three laws be publicized.

According to a presidential decree, the Copyright Law will become effective on 1 June 1991.

The session also adopted the decision of the National People's Congress [NPC] Standing Committee on ratifying two international labor conventions: The Convention Governing Equal Paid for Equal Work for Male and Female Workers adopted by the world convention of the International Labor Organization [ILO] at its 34th world conference in 1951; and the International Convention on Promoting the Implementation of International Labor Standards Through Tripartite Consultations adopted at the 61st ILO conference in 1976.

The meeting decided to dismiss Li Peng from his concurrent office as chairman of the State Commission for Restructuring the Economic System, and appointed Chen Jinhua as chairman of the commission.

The 61-year-old and college-educated Chen Jinhua, male, is a native of Qingyang County in Anhui. Prior to his current appointment, he served as the president of the China National Petrochemical Corporation.

The meeting also approved other appointments and dismissals.

A total of 112 NPC Standing Committee members were present at the closing session.

Zou Jiahua on 1990 Economic Plan

HK0609025190 Beijing XINHUA Domestic Service
in Chinese 1235 GMT 3 Sep 90

["Zou Jiahua Reports on How Plans for the National Economy and Social Development Are Being Implemented"—XINHUA headline"]

[Text] Beijing, 3 Sep (XINHUA)—As entrusted by the State Council, Zou Jiahua, state councillor and minister of the State Planning Commission, reported today on how plans for the national economy and social development are being implemented for 1990 at the 4th Plenary

Meeting of the 15th Session of the Standing Committee of the 7th National People's Congress.

When talking on how plans for 1990 are being implemented, Zou Jiahua said: Since the beginning of the year, under the leadership of the CPC and the People's Government, and through the solidarity and struggle of people of all nationalities throughout the country, our politics, economy, and society are developing steadily. We have again obtained obvious results in our improvement and rectification program, and in deepening reform. The overall trend of the economy is developing in a good direction.

—Agricultural production is relatively good, and we have reaped bumper harvests of summer crops and oil. The output of summer crops across the country totaled 99.35 million metric tons, 5.6 million metric tons higher than the historical height in 1989 or a six-percent increase.

—Industrial production is gradually increasing again, and primary industrial products are increasing continuously. From January to July, we obtained a gross industrial output of 763.2 billion yuan, representing a 2.3-percent increase over the corresponding period last year. While industrial production is gradually picking up, the internal structures of industries are beginning to be readjusted, and the growth rates of basic industries such as energy and raw materials, which have long limited the development of the national economy, are higher than those of other industries. Since industrial production is improving, the number of unemployed workers is decreasing monthly.

—We have done relatively well in fixed assets investments, and the structure has been readjusted slightly. From January to July, the investment in capital construction and technological transformation of people-owned units totaled 82.9 billion yuan, representing a 5.4-percent increase over the corresponding period last year, of which, the investment in capital construction totaled 59 billion yuan, representing a 8.8 percent increase. The investment in key departments was relatively quick, and that in energy increased by 23.8 percent over the corresponding period last year.

—Commodity retail sales on the domestic market are beginning to improve, and the increase in commodity prices has obviously been reduced. From January to July, retail sales were still fluctuating at a low level, and the total volume of commodity retail sales in society was 468.7 billion yuan, representing a 1.5-percent increase over the corresponding period last year. But if we look at the monthly situations, we will see that the decrease has narrowed down month by month. The national general level of retail prices in the first half of the year rose by three percent over the corresponding period last year. This is the lowest in the corresponding periods since 1985.

—A relatively large amount of currency has been recovered from circulation, and the credit situation is relatively good. From January to July, the savings of urban and rural residents increased by a total of 126.8 billion yuan, representing an increase of 47.5 billion yuan over the corresponding period last year. The reasons why urban and rural savings have increased for a long time and considerably, are: First, commodity prices on the market are stable, and so are the people's minds. Second, banks are continuing with the value-guaranteed deposit service and strengthening savings services, thus becoming very attractive to account holders. Third, as commodities do not sell well on the market, some individual entrepreneurs have stopped business or reduced their scale of operation, and then deposited part of their production revolving funds with banks.

—Exports are increasing continuously, and foreign exchange has increased. According to customs figures, from January to July exports amounted to \$30.8 billion and imports amounted to \$27.5 billion. The international tourist industry, which made no progress last year, has revived this year. And since the beginning of the year, both foreign visitors and foreign exchange earnings have increased compared to the second half of last year.

—As for the straightening out of the economic order, especially the order of the circulation sphere, such as screening and rectifying various companies, and strengthening market administration and commodity price control, we have made progress to varying degrees.

As for the current problems and difficulties in the national economy, Zou Jiahua said: The improvement and rectification program over the past year has enabled us to obtain obvious results in exercising macro-control over aggregate amounts. However, we should note soberly that with the problems that have accumulated over the years, and the contradictions that have just emerged, the difficulties in various aspects are relatively concentrated. The major difficulties and problems we are currently faced with are:

—The domestic market is still dull and some products do not sell well. Although the market has revived slightly, the structurally sluggish situation has not changed.

This shows that the immediate demand is insufficient. In the case of consumer goods, from January to July, of the 28 kinds of major commodities under social and business estimation, their sales, with the exception of pork, aquatic products, and color television sets, decreased to varying degrees. The volume of consumer goods retail sales in cities increased by two percent over the corresponding period last year. Retail sales volume of consumer goods in counties and units below the county level decreased by six percent. As far as the means of production are concerned, from January to July, the materials system sold a total of 131.1 billion yuan of means of

production, representing a 5.8-percent decrease from the corresponding period last year.

—Capital investment and capital occupation coexist, and current capital is still insufficient. They are attributable to the following reasons: First, too many products are overstocked. At the end of July, the budgetary capital occupation of products manufactured by state industrial enterprises was 45.9 percent more than last year. Second, industrial reserve funds are seriously insufficient. Third, funds for some capital construction projects have not been ascertained, and funds used to subsidize losses are difficult to acquire, thus increasing industrial enterprises' arrears. Fourth, the self-owned current capital of enterprises have not been added for many years, while their production capacities have doubled. The basic funds of some new large-scale enterprises are insufficient, and state fund allocations and self-owned capital are gradually decreasing.

—The readjustment of the product mix and industrial structure has proceeded slowly, and the technical levels of products are relatively low.

—The external environment is unfavorable to enterprises, and the internal operation and administration of some enterprises is poor. They are shown by the following: First, enterprises shoulder too many responsibilities, and the profits they can actually retain have decreased. Second, since the depreciable life of the fixed assets of enterprises is relatively long and the depreciation rate tends to be low, and since enterprises have not considered the rate of inflation, their depreciation funds are gradually decreasing, thus being unable to meet the needs of renovating equipment and readjusting the product mix. Third, some enterprises have weak bases of ideological and political work, and enterprise management; the system of regulations is unsound; labor discipline is loose; the safety responsibility system is not thoroughly implemented; and enterprise leaders are easily satisfied with the short-term behavior in their work.

—Economic returns are still low, and the state's financial difficulties are relatively large. From January to July, the budgetary profits earned by state industrial enterprises across the country decreased by 19.7 billion yuan from the corresponding period last year, or a 56 percent decrease. The losses of enterprises amounted to 15.09 billion yuan, representing a 99.2 percent increase over the corresponding period last year. The national financial revenues increased by 11.6 percent over the corresponding period last year, and the domestic financial expenditures increased by 16.4 percent over the corresponding period last year, higher than the 9.7-percent fiscal budgetary increase.

As for the several things that should be done conscientiously in the following months, Zou Jiahua said: Generally speaking, I believe that we have again obtained obvious results in the improvement and rectification

program and in the deepening of reform this year, and the economy is improving. However, there still exists a very grim side to the overall economic situation, and we must not be heedless or blindly optimistic. In handling the outstanding difficulties and problems, we had better make more thorough estimations, pay more attention, and do jobs more thoroughly and carefully. This is more favorable to us. While the current economy is improving, all localities and departments must guard against the recurrence of an overheated economy and the tendency of one-sidedly seeking high industrial growth rates and scrambling for the development of capital construction projects, so that the emphasis of the improvement and rectification program can be appropriately shifted to the readjustment of structures and the increasing of returns.

He said: On the premise of continuing to insist on and improve the control of aggregate amounts, we must vigorously readjust the product mix, be very determined to increase economic returns, further motivate the market, and step up the commodity circulation, thus promoting the sustained, steady, and coordinated development of the national economy. The following things should be done concretely and properly:

—Laboriously wresting agricultural bumper harvests for the whole year. We should further implement and strengthen the various measures for agricultural production. First, we should pay attention to the purchase and storage of grain. Second, we should exercise proper management after reaping the late autumn crops. Third, we should continue to ensure supplies of the means of production for agriculture and give proper agricultural technical guidance. Fourth, we should pay attention to the prevention of floods and excessive rain, and should properly engage in rescues from disaster-afflicted areas and production self-salvation.

Fifth, we should make proper preparations for autumn seed-sowing by ensuring sufficient and fine seed varieties.

—We will further circulate commodity flow and increase the commercial withdrawal of surplus paper money. Commodity departments should vigorously conduct checkups of warehouses and make better use of stored goods, and increase the product sales on urban and rural markets. They should continue to organize sending industrial products to rural areas, and should appropriately relax the control and purchase of some commodities, rationally arrange for fixed assets investments in keeping with the demand of not exceeding last year's actual workload, maintain the effective demand of the market, and continue to rectify the order of the circulation sphere. We should centralize coal distribution, order placement, transfer, and transportation; take effective measures to eliminate regional blockades so that commodities will flow to where they are needed and that the basic stability of commodity prices, especially those of the people's

daily necessities, can be maintained; and continue to control commodity prices properly.

—We will vigorously readjust the product mix and strive to fulfill the demand of having a six-percent increase in industrial output for the whole year.

—We will launch the "double increases, double savings" campaign, increase economic returns, and achieve the goal of financial control for the whole year.

—We will further clear arrears and activate credit funds.

—We will further strengthen economic exchanges and cooperation with foreign countries.

Zou Jiahua said: It is a very strenuous task to comprehensively fulfill the plans for the national economy and social development for this year. Despite the fact that our economic life may encounter some temporary difficulties, only if we unswervingly stick to economic development as the center, stick to the four cardinal principles, and stick to the basic line of reform and opening up, closely unify and depend on peoples of all nationalities, inspire enthusiasm, work hard, fully utilize all favorable conditions, and vigorously overcome those unfavorable factors, will we be able to complete the plans for 1990; and gradually achieve the set objectives of the improvement and rectification program and the deepening of reform, thus promoting the further steady development of politics, economy, and society.

Microelectronics Industry Stressed

OW0609201390 Beijing XINHUA in English
1311 GMT 6 Sep 90

[Text] Beijing, September 6 (XINHUA)—A member of the Standing Committee of the National People's Congress (NPC), Lin Lanying, appealed here today for centralized efforts for the development of China's micro-electronics industry.

Lin said that the micro-electronics industry, as the underpinning of both basic industry and the high-tech and national defense industries, should be given equal attention with the development of the transportation, energy and raw materials industries.

Addressing the ongoing 15th Session of the 7th NPC Standing Committee, she noted that micro-electronics technology, as a very competitive field worldwide, cannot be developed through imports.

China has lagged behind in both technology and research in the field of micro-electronics, the noted scientist said, adding that China has only about 1,000 kinds of micro-electronics products, compared with several hundred thousand kinds internationally.

Lin attributed the problem to inadequate investment, decentralized manpower and dependence on imports.

She suggested that the state centralize the necessary investment and work out plans for research, development, production, and popularization so as to ensure a healthy development for the micro-electronics industry.

Prediction of Partial Rehabilitation for Zhao

HK0709011990 Hong Kong SOUTH CHINA MORNING POST in English 7 Sep 90 pp 1, 11

[By Willy Wo-Lap Lam]

[Text] The public appearance of Mr. Zhao Ziyang on a Beijing golf course this week is a sign that the ousted liberal leader will be partially rehabilitated in the near future, according to Chinese sources.

On Tuesday morning, Mr Zhao and his wife, Ms. Liang Boqi, played golf for two hours at the posh Beijing International Golf Club near the Ming Tombs on the outskirts of the capital.

The Zhaos, together with a posse of security men, were spotted by Japanese diplomats and employees at the club.

Mr. Zhao, 70, had not been seen in public since his fateful meeting with the student demonstrators in Tiananmen Square in May last year.

Eyewitnesses said his hair had thinned and turned grey, but otherwise the former party general secretary looked fit, contradicting reports that he had been troubled by a serious heart problem.

A club employee quoted Mr. Zhao, an avid golfer, as saying: "I haven't played in more than a year so if I miss a few shots, please forgive me."

An Asian diplomat said: "His relatively brief appearance is an unmistakable sign to foreigners that his political fortune is on the mend."

Chinese sources say the Seventh Plenum of the party Central Committee, to be held late next month or early in November, will partially clear Mr. Zhao by stating that there were no links between him and the organisers of the pro-democracy movement.

Moreover, the plenum is expected to reflect the wishes of the patriarch, Mr. Deng Xiaoping, in declaring that the question of Mr. Zhao would remain an "internal affair of the party", ensuring that he will not be subjected to criminal proceedings.

This is despite the fact that hard-liners within the Communist Party would like to put Mr. Zhao on trial on charges, including abetting "counter-revolutionaries."

In its latest issue, *The Mirror*, a leading China-watching magazine, said a number of top cadres had written to the politburo asking for the publication of the results of investigations into Mr. Zhao's involvement with the pro-democracy movement.

The Hong Kong-based journal quoted a source as saying the party had already meted out "very serious punishments" to Mr. Zhao by removing him from posts including party chief and chairman of the military commission.

"If Mr. Zhao was not involved in any conspiracy, and once the results of the investigations are known, we should let him come out and resume work," the source said.

Analysts say the relatively benign treatment of Mr Zhao is part of the political trade-off that will be staged at the plenum.

In return for his partial exoneration, leftists including former head of the propaganda department, Mr Deng Lihou, will be given additional authority.

Analysts say a sign of Mr Zhao's imminent rehabilitation is that his daughter, a manager with an international hotel in Beijing, recently took leave of absence to take care of the former party boss.

Mr. Zhao's son-in-law, Mr. Wang Zhihua, has continued to have a thriving career with the Equipment and Procurement Department of the People's Liberation Army.

At the same time, diplomats in Beijing say the political prospects of former member of the politburo standing committee and an ally of Mr. Zhao, Mr. Hu Qili, have also improved.

The two were removed from the politburo and central committee weeks after the Tiananmen Square crackdown.

Recently, Mr. Hu has been spotted in the sports compound and swimming pool of Zhongnanhai, the quarters for top leaders.

And Ms. Deng Yingchao, the widow of the late Zhou Enlai and the foster mother of Prime Minister, Mr. Li Peng, has let it be known that she believes Mr. Hu, 60, should be allowed to resume work.

Song Ping Seen as Future 'Key Power Broker'

HK0709012390 Hong Kong SOUTH CHINA MORNING POST in English 7 Sep 90 p 11

[By Willy Wo-Lap Lam]

[Text] Politburo member Mr. Song Ping has emerged as a key power broker in the post-Deng Xiaoping era, Chinese sources in the capital have said.

In recent months, Mr. Song, 72, has taken advantage of his control over organisation and discipline to build up a power base in the party and government.

Since late 1989, Beijing has staged major personnel changes in central and regional-level party and government units, and Mr. Song has taken personal charge of the reshuffle.

Chinese sources said he had elevated a number of close associates to senior positions, as a result of which a Gansu Faction has emerged.

A career economic planner, Mr Song spent long spells in northwest Gansu in the 1960s and 1970s, becoming party boss of the province in 1977.

Among former Gansu cadres who have been promoted is the new vice-head of the Propaganda Department, Mr Nie Dajiang.

A former vice-minister of radio, film and television, Mr. Nie, 60, used to be the president of Lanzhou University and head of Gansu's propaganda department.

Another rising star in the Gansu Faction is the provincial party boss of Fujian, Mr. Chen Guangyi, 57.

Mr. Chen spent more than two decades in Gansu serving in various positions including vice-chairman of the planning commission and governor.

Western diplomats in Beijing said Mr. Chen was in line for a senior party post in Beijing, possibly the head of the Organisation Department of the Central Committee, a position once held by Mr. Song.

A sign of the expanding power of the Gansu Faction, the diplomats say, is that the province's representative office in the Chinese capital has consistently been winning in bureaucratic infighting with other units in the central and regional governments.

A western diplomat said: "Mr Song has recently revised the Maoist principle of the 'regular rotation of cadres' in order to cut down on regionalism.

"While the ostensible goal of moving cadres around is to prevent them from building regional fiefdoms, the reshuffles have actually benefited those party factions that are on the ascendancy in Beijing."

Together with party General Secretary Mr. Jiang Zemin and the czar of ideology and propaganda, Mr. Li Ruihuan, Mr. Song was elevated to the supreme Standing Committee of the Politburo in June last year.

While he has assumed a much lower profile than Mr. Jiang and Mr. Li, political observers say Mr. Song, a protege of the conservative patriarch Mr. Chen Yun, has accumulated more actual power than either of his colleagues.

Another source of Mr. Song's influence is his tight control over "party building" or discipline.

He is a mastermind of the recent re-registration of all party members, a means of weeding out cadres suspected of being sympathetic to "bourgeois-liberal" principles.

Diplomatic analysts say his control over cadres' dossiers as well as authority over what constitutes acceptable ideological standards could make him a formidable player in any power struggle.

They say Mr. Song's power in personnel matters could mean that once Mr. Deng leaves the scene, his hand-picked successors such as Mr. Jiang and Mr. Li might lack the organisational support to assume real power.

Article, Commentary Praise Good Village Cadres

Article on Cadres' Deeds

HK0709055590 Beijing RENMIN RIBAO in Chinese
21 Aug 90 p 3

[Article by Wang Guihai (3769 6311 3189), Ma Guiliang (7456 6311 5328), and Wang Yachen (3769 0068 5256): "Good Cadres of the Village—Events in Yuanfang Village, Pingshan County, Hebei Province"]

[Text] Yuanfang Village, located at the eastern foot of Taihang Shan, is a part of Mengjiazhuang Town, Pingshan County. Formerly an impoverished mountain village, it had a per capita annual income of merely 130 yuan in 1986. But this village has experienced tremendous changes after three years' efforts: The villagers managed to solve the problem of food and clothing in the first year, eradicated poverty in the second and began to accumulate wealth in the third.

What is the myth of the change in Yuanfang Village? The villagers said: We have a good leading body in our village.

A Cadre Should Always Think of Others' Needs

The party branch and villagers' committee of Yuanfang Village were established in early 1987. With eight members, the average age of the leading body was 41 years then. Showing concern for the masses, disregarding personal losses, and working hard with utmost devotion, these cadres have done many good deeds that it is hard to mention them one by one.

In the spring of 1989, villager Han Hengshan and the villagers' committee chairman Han Fenghai were both building their houses. Han Hengshan was forced to suspend his project because of lack of reinforcing bars. Having learned of this, Han Fenghai gave up his own reinforcing bars to Han Hengshan. So, Han Hengshan's house was finished as scheduled, but Han Fenghai's house was finished one month behind schedule.

When the village redistributed residential plots last spring, for the sake of convenience, everyone wished to move down hill so that their new houses will be closer to the highway. But the secretary of the village party branch alone chose a plot which is farthest away from the highway, located at the northwestern corner and dominating the whole village.

After its establishment, the village's new leading body took action to introduce a responsibility system to aid poor households in the village. Over the past few years, no matter how busy they were, cadres in this village visited poor households every two or three days. In summer, they made sure that the villagers had enough

money to buy summer clothes; when autumn came, they made sure that people were supplied with enough clothes and blankets; when the new crops were still growing and the old crops consumed, they visited fellow villagers to find out whether they had enough grain and what kind of food they are having at home; and, during festive seasons, the village cadres even invited poor fellow villagers to observe the festivals with them in their homes.

Feng Binghai, deputy secretary of the village party branch, became a widower in middle age. His family has six members. His parents are approaching their eighties, both suffering from illness and have to be taken care of; his three children are still too young to take care of themselves. So Feng is shouldering a very heavy burden. In spite of this, he still shows concern for the poor families in the village. On a very cold windy day in the winter of 1987, he called on the childless Liang Bingwu's family. When he saw the old couple sitting curled up in bed, covered with blankets, he ran back home without hesitation and brought back two baskets of coal for the Liangs.

Like other impoverished villages, Yuanfang Village has quite a few single men. The cadres eagerly looked for girlfriends for the 35 single men in their village and thought of it as a "big project." Whenever they attended meetings in other villages, they always asked cadres of other villages to act as matchmakers; whenever visiting relatives on holidays, they always mentioned this problem to the hosts; and whenever calling on friends, they never forgot to ask them whether they knew any single ladies who might be considered potential girlfriends for their single fellow villagers. Over the past three years, they had acted as matchmakers for almost all of the 35 single men. They succeeded in more than 10 cases. In last winter, they finally had their "project" finished when the last single man in the village got married.

The cadres of Yuanfang Village are more concerned about the masses than for themselves. Why? Secretary of the village party branch Han Ertu said: "We just want to see everybody is satisfied and every household lives more comfortably."

One Must Be Fair in Handling Official Affairs

The cadres of Yuanfang Village said: There is no doubt that all problems in rural areas are difficult to handle, but, after all, they can all be resolved, if we treat them fairly, assessing all people and evaluating things with a single set of criteria.

For the Yuanfang villagers, this set of criteria consists of the party's principles and collective interests. Party branch secretary Han Ertu was good in saying: "We assess everybody, ourselves and others alike, with the same criteria. When it comes to our own affairs, we should be particularly strict in applying these criteria."

When Han Ertu took up the post as the secretary of the village party branch, the village was short of funds to

finance its water reservoir project. But the account record showed that villagers owed the village 36,000 yuan of debt. An elder brother of Han Ertu was among the debtors. Han Ertu recognized it would be difficult for him to ask other debtors to pay back the debts if he could not convince his brother to do so first.

So he called on his elder brother. However, as soon as he made the request, his elder brother glared at him: "Yes, I do owe the village a sum of money. But other cadres would save my face without urging me to pay it back. Don't you think you are rude to force me to pay back the debt as soon as you assume office?" "Just because you are my elder brother, you should pay back the debt before others!" He failed to convince his brother in the first attempt. Then he made a second attempt. He finally made it in the third attempt. Because of his efforts, all the debts were collected from all the debtors in the village in only 15 days.

A work inspector once found the fish-scale pits [pits arranged like fish scales, dug on mountain slopes for holding water or planting trees] dug by the family of the deputy party branch secretary Feng Binghai's to be substandard. He reported it to the village, but did not think that the village authorities would take action against Feng's family. To his surprise, the village authorities held a mass rally and fined the Feng's 50 yuan.

Han Fenghai's elder brother was building a house in February last year. Han Fenghai found that the residential plot was extended two chi [Chinese feet] beyond the boundary, for which the village cadre in charge of land measurement should be blamed. He could well turn a blind eye to this matter, but he just could not tolerate it.

His sister-in-law called on him that evening to ask a favor of him. After his sister in law left, his elder brother came in person and kept on asking Han Fenghai to do a favor. But Han Fenghai refused to do so. At last the elder brother got angry: "From now on we are not brothers anymore!"

"No matter how, you must pull down the wall and move the boundary back!" Han Fenghai replied with curt finality. And finally the wall was pulled down.

A Cadre Must Take the Lead in Braving All Hardships and Dangers

Yuanfang Village is situated in the northwestern part of Pingshan County. The village has a total of 127 households and a population of 543. The area of barren land in the village amounts to nearly 10,000 mu and natural conditions here are very poor. The village is flooded whenever it rains, but cattle may die of thirst whenever there is no rain, and 90 percent of the sown area does not yield any crops.

Despite all these difficulties, the cadres of Yuanfang Village were determined to exert themselves to the utmost. During the three-year-long battle to reclaim farmland on hills and improve irrigation, the eight

cadres of the village always took the lead in braving all hardships and dangers. As members of Yuanfang Village, they have not done any less work than anyone else; as husbands they have spared less time for their families and sometimes even failed to take proper care of their own crops; as mothers they have had little time to wash and mend their children's clothes; as the elderly they have seldom enjoyed family life with their children and grandchildren. If you ask anybody in this village about the village cadres, he will tell you that the cadres are the ones who get up earlier than others but go to bed later than others and work harder than others.

All these are plain facts, are they not? The villagers said: Our cadres can hardly have a single day in an entire year when they can sit down and eat on time comfortably and have a good sleep. Their palms have thick calluses like other villagers, and their faces are well tanned like others. Witnessing the cadres working so hard every day, many people tried to stop them from working in the field by taking the tools out of their hands; many old villagers even walked straight into the village's conference room at night to urge the cadres to return home and go to bed. In three successive years, more than 100 villagers belonging to four groups unanimously elected the eight village cadres as outstanding individuals at the year-end assessment.

Everybody knows Han Fenghai, chairman of the villagers' committee, as a "tough worker." He once worked with others on a reservoir construction site. A 500-kg rock lay in their way, in between two cliffs. The gap was too narrow to allow more than two persons to work together in it. It was about sunset at that time, and everybody was too tired to continue to work. Han Fenghai tightened his waistband and said: "Let me do it alone!" Then he took up a rod and stood in front of the rock, and pried the rock more than 30 meters away.

Everybody knows Feng Binghai, deputy secretary of the village party branch, as a "tiger general." He joined the villagers to dig pits on the hill and had to change his shovel twice a year because it wore out quickly. He joined the villagers in planting trees on rocky mountain slopes and carried water up the hill 40 times a day to water the saplings. As a result, he trod a path on the mountain.

Everybody knows Hao Chouniu, head of the women's affairs department, as an "iron woman." Volunteering to take charge of a project to reclaim wasteland at Sanye valley, she headed a team of more than 10 women and worked for a whole winter and a whole spring. Finally they turned the valley into a 200-mu orchard.

These are the cadres and the people of Yuanfang Village. As they say: "We will step forward to overcome whatever difficulties, and before us no difficulty is insurmountable." It is with this dauntless revolutionary spirit that the cadres of Yuanfang Village have led their fellow villagers to transform their home village and write a moving chapter of history.

Commentator's Article

HK0709055990 Beijing RENMIN RIBAO in Chinese
21 Aug 90 p 3

[Commentator's article: "They Are Spreading Spiritual Seeds"]

[Text] Before the first five-star red flag was hoisted over Tiananmen Square, the Chinese had been labeled the "sick man of East Asia" and a "sheet of loose sand." The nickname "sick man of East Asia" has already been thrown into the Pacific Ocean and the label "a sheet of loose sand" does not reflect the reality in today's socialist China any more. Although we are still not rich and still face arduous tasks, we can now proudly declare: We Chinese have indeed risen to our feet!

Yuanfang Village at the eastern foot of Taihang Shan has fostered a new village spirit in the struggle to cast off poverty. This village has developed a socialist spiritual civilization while creating material wealth. In particular, the eight cadres of the village party branch and the villagers' committee, who have continued to engage in production while performing official duties, have proved, with their actions, that village-level organizations there are by no means a "sheet of loose sand." They are merely ordinary peasants, but their spirit is just splendid. Although what they have done may not be earthshaking achievements, they have managed to unite all the villagers, both young and old. As the saying goes: "When men act in unison, they can move Tai Shan." What did they rely on in changing the face of their village. They just relied on "unity"! It was because Yuanfang Village has the party branch as its core of leadership and these eight cadres as its leading body that the villagers could unite as one to build their home, cast off poverty, and strive for prosperity.

Lofty spirit is the most powerful tool to convince people. We know that the cadres of Yuanfang Village have held many mass rallies to educate the villagers and have tried very hard to convince others through heart-to-heart talks, although the report did not mention these but cited a few real cases and good deeds done by these cadres. These cases may not be special, but they can be very important to each individual household. The cadres of Yuanfang Village did not shirk from their responsibilities but took the initiative in conscientiously attending to these matters. They have not hesitated to sacrifice their personal interests in the masses' interests, gave no consideration to favoritism, and even risked their lives. What kind of spirit is this? This is the spirit of putting the masses' interests before everything, the spirit of putting the party's principles before everything. Such a spirit must be promoted and practiced. Action is a language without sound, but it is the most convincing language. The cadres of Yuanfang village are adept at using this language. With it they have sown the lofty spirit into the fellow villagers' hearts and built up the communists' image among the masses. Their achievement is not the result of occasional short-term efforts but long-term hard work. In doing so they were not putting

up a show but wholeheartedly serving the villagers. That is why they have moved their "god"—the masses, and that is why they have managed to unite the people of Yuanfang village.

The cadres of Yuanfang Village love the motherland and socialism. This is reflected in their love for Yuanfang Village, for the fellow villagers, and for this land under their feet, infertile but promising. They just love what they should love. To be sure, they are not qualified to take part in the research to develop the positron and electron collider, they may not have the chance to press the button that launches the rocket bundle, and they are not likely to directly engage in the exciting work to organize the Asian Games. What they are doing are some common things and trivial tasks that every rural cadre may come across every day. But they do have the spiritual charm as brilliant as that displayed by those who are engaging in the above-mentioned magnificent tasks. And surely they are on their part doing credit to the motherland and adding luster to the party flag, because they have set good examples to the masses around them and united them together, inspiring them to plunge into the struggle to change the backward face of their village, thus pushing ahead the development of material and spiritual civilization and turning the villagers into a force for the reinvigoration of China. If the villagers do not have a core of leadership, they will very likely remain a "sheet of loose sand." Especially in those places with weak and slack grass-roots leading bodies, people will not automatically unite with each other although the Chinese people as a whole has shaken off the nickname "a sheet of loose sand" and the country has introduced the socialist system. And, without unity, the development of both material and spiritual civilizations is out of the question. It is in this sense that the good deeds of the cadres of Yuanfang Village have offered us a profound inspiration. It is by no means inappropriate for us to emphasize the issues of cadres' work style and relations between cadres and the masses as the criteria to judge whether a cadre really loves socialism and whether he will really fight to safeguard the party's prestige.

Economist Detained Since Tiananmen Now Released

HK0709012190 Hong Kong SOUTH CHINA MORNING POST in English 7 Sep 90 p 10

[By Willy Wo-lap Lam]

[Text] A liberal economist has been released from detention for alleged involvement in last year's democracy movement, sources in Beijing said yesterday.

The Deputy Director of the Social Research Office of the Communist Party's Rural Development Research Centre (RDRD), Mr Bai Nansheng, was set free last month.

Mr Bai, together with his brother Mr Bai Nanfeng, a senior researcher with the Research Institute for the Reform of the Economic Structure (RIRES), was arrested soon after the Tiananmen Square crackdown.

Both RDRC and RIRES have since ceased operations by order of the post-June 4 leadership.

The sources expect Mr Bai Nanfeng, a well-known academic, to be released soon as the authorities have failed to find concrete evidence of the brothers' alleged wrongdoing.

Diplomats in Beijing had expected the authorities to release another batch of political prisoners, including student leader Wang Dan, before the end of September to drum up international support for the Asian Games.

"It seems more likely now that the release of another group of dissidents will take place after the Seventh Plenum of the party Central Committee, which will clarify the status of ousted party chief Zhao Ziyang", a Western diplomat said.

Article on Local Government Role, Regionalism

HK0709013090 Beijing JINGJI YANJIU in Chinese No 7, 20 Jul 9 pp 56-60

[Article by Wu Minyi (0702 2404 0001) of the Economic Research Institute under the Zhejiang Provincial Planned Economy Committee, edited by Zhang Tianxin (1728 1131 1800); written in May 1990: "Some Thoughts on the Activities of Local Governments—Incorporating a Discussion With Some Comrades"]

[Text] How we objectively and in an overall way assess local economic interests that have gradually formed since the beginning of the reforms as well as the local government activities is of great importance in determining the basic train of thought by which to guide China's reforms in the future and the orientation of readjustment. I feel that at present the discussion on this issue by some comrades in academic circles is biased. This article will put forth different views intended as a discussion with these comrades.

1. The Need of Central Authorities To Give Expanded Power to Localities

Today, 10 years after the reforms began, some people may think that there is not much need to again expound on the necessity for central authorities to give expanded power to the local authorities. However, I believe that there are very different views on this issue and that this is a direct cause of differences in the appraisal of the local government activities. Thus, there is a need to first do some analysis.

Through 10-plus years of structural reform, there has been a great expansion of local power. This is not only manifested in local control of finances, but also in the areas of planning, control of goods and materials, foreign trade, wages and pricing management. The traditional system had centralized power as its basic characteristic. This system did in specific periods (for example, the period of economic recovery) show advantages, but in terms of the demands of modern economic development, it is unable to resolve the following two problems:

1. The problem of speed. China covers a large area and there is a very great imbalance between the different regions. Further, because of obstructions in information channels and in the implementation of measures, speed is very slow. 2. The problem of motivation. If local governments do not hold a certain amount of power, their degree of participation and decision-making in the overall process of economic activity (including economic activities within the region), will be very low. Thus there will be an inevitable increase in reliance on the central authorities, and this will reduce the enthusiasm of local governments. The first 30 years after the establishment of the PRC prove this point.

As the system of centralized power has the above-mentioned defects, is it possible then to just form a two-level administrative relationship between the central authorities and the enterprises, whereby the state just gives power to enterprises and does not expand the power of the localities? If we consider this from the realities of our country, we will conclude that, likewise, we cannot do this. First, our country's property rights system which has been formed over a long period and the existence of a large number of local state-owned enterprises determine that local governments cannot completely switch their functions to non-economic management. Second, the weakness of the market structure and the market system determines that enterprises cannot be completely subject to the control of the market. Even having a portion subject to the control of the market will produce much chaos. Further, for a long period in our country, the non-commodity economy has occupied the leading position, enterprises while participating in the process of market activities may see some new problems which are not seen in market economy countries. This requires that for quite a long period of structural reform and economic development, the economic power of governments (central government and local governments) cannot be weakened too much. Third, local governments take on the task of resolving many local economic problems, such as stabilizing the market, arranging employment, readjusting the economic structure, improving the people's livelihood and so on. If they do not have a certain amount of jurisdiction, they will not be able to complete the tasks which have to be carried out. Thus, it is correct, in terms of orientation, to take the expansion of the power of local authorities by the central authorities as one of the trains of thought in reform.

Of course, because there are no standards in the process by which central authorities expand the power of local authorities, the problems produced are quite numerous. However, there is a need to differentiate the expansion of the power of local governments from the problems which emerge in this process of expansion of power. The first aspect is a question of whether or not we want to engage in this sort of reform, while the latter aspect is a question of needing to continually improve the process. These are two questions different in nature. We cannot, on the basis of the occurrence of some problems in the

process of expanding the power of localities, negate the necessity of expanding their power.

2. An Appraisal of the Errors in Local Government Decisionmaking

Another important question which needs to be clarified is whether or not, after the central government expands the power of the local authorities, the economic policies of local governments will frequently violate the central policies or diverge from the main targets of the central policies.

On the theoretical level, the policies of local governments are comprised of two components. The first involves implementation of the principles and policies of the central government. The autonomy of local governments in this area is quite small. The other aspect is policies which are stipulated by the locality in accordance with its own actual situation and needs. The autonomy of the locality in this respect is quite large. These two aspects should be differentiated, but for convenience in our analysis, we will not take this difference into consideration.

It should be recognized that there were situations in the early period where local government policies were inconsistent with central government policies. However, we cannot on this basis conclude that, in the relationship between local policies and central policies, there always exists a struggle between control and anti-control. (Footnote 1) (See Shen Liren [3088 4539 0086] and Dai Yuanchen [2071 0954 2525]: "The Formation of Our Country's 'Princely Fiefdom Economy', and its Abuses and Origins" in JINGJI YANJIU 1990, No. 3)

First, the errors in policy-making by local governments in the early period were related to the guidance provided by central macroeconomic policies. For example, different policies of opening up were instituted in different areas. This was decided by the central authorities and they issued policies with many preferential aspects for a small number of provinces and cities in the eastern region, especially Guangdong. In another respect, our structures are distorted in many aspects. For example, the prices of raw materials and industrial products are too low, while the prices of the products of the processing industries are quite high. In such a situation, the preferential treatment shown to the eastern regions inevitably meant that the development of these regions has been better than that in other areas. This in turn meant that the industrial development was drawn to the processing industries of these regions. When the high speed of the development of the processing industry greatly exceeded the volume of supply by the raw materials industries, it resulted in the formation of fault-lines between the industries of the eastern, central and western regions. From this we can see that the actual operation of local economies (or of various policies of local governments) have a magnifying effect on central macroeconomic

policies. When we track this problem to the source, we find that the crux lies in the regional policies of the central government.

Second, we need to make a specific analysis of the deviations of local government policies and must not consider all deviations wrong. Considered in terms of the characteristics of our country's system and the national situation, of course local government policies must not run counter to those of the central government. However, this does not mean that local governments and the central government must have identical views on specific issues. This is because our country's systems, in many respects, cannot accord with the needs of local economic development. Such systems are not only manifested as the old systems, but are also seen in the unified government's regulatory and control measures in the process by which the old systems are being changed to the new systems. The required "adoption of uniform measures" is an obvious example of this. Thus, sweepingly saying that all the problems which have appeared in the local areas have been caused by deviations in local government policies is not a complete assessment. At least, the following phenomenon is difficult to answer: If macroeconomic policies do not suit the development of the local economy, or they have contents which need to be revised but which have not been revised, is it the case that the local government must only act passively? I believe that when there is divergence between local government policies and macroeconomic policies, if that which needs to be corrected is the macroeconomic policy, the local government policies cannot be said to be "feudal fiefdom economy" policies. (Footnote 2) (This sort of situation existed in the early period. In the "Decision of the CPC Central Committee on Further Economic Improvement and Rectification and Deepening of Reform", it was pointed out: "The party central committee and State Council shoulder a heavy responsibility for the difficulties and problems which have appeared in the economic life of our country. Deep-going experiences and lessons should be drawn from this." See RENMIN RIBAO 17 Jan 1990)

Of course, this certainly does not mean that the localities can arbitrarily decide not to implement the principles and policies of the central authorities or engage in the practice whereby "when the upper levels decide a policy, the lower levels devise a countermeasure". Rather, it means that there should be specific analysis of problems which emerge in implementation of policy, as only thus will a method and avenue be found to permanently cure regionalism.

3. The Market Activities of Local Government

The market activities of local governments are a specific reflection of local government policies. At present, a majority of the people in academic circles have negative opinions of the market activities of local governments. The main reason for this is that in order to guard their own regional interests, localities institute policies of blockading external trade and safeguarding their own

industries. This is the so-called combination of internal openness and external exclusion. This forms a strong tendency to break up the market into regional parts. For example, localities "on the one hand prohibit the outflow of their own resources and on the other hand prohibit 'invasion' by external commodities. The former changes into a struggle for reserves which, after intensifying, turns into 'silkworm wars', 'wool wars' and 'tea wars' where everyone is vying for raw materials." (Footnote 3) (Shen Liren, and Dai Yuanchen: "The Formation of our Country's 'Princely Fiefdom Economy' and Its Abuses and Origin" in JINGJI YANJIU 1990, No. 3)

It cannot be denied that in practice these problems not only exist, but exist sometimes to a serious degree. However, if we assign the present problems which have appeared in market movement entirely (or mainly) to local government activities, or even hold that local government activities obstruct the development of the market or the formation of a unified market, we will be seeing things too simplistically.

I believe that if we look from the practice of the 10-plus years of reform, the market activities of local governments have been dual in nature. On the one hand, localities have engaged in carving out separate, distinct markets. On the other hand, local governments have also engaged in opening up and developing market competition. These actions and trends are determined by local economic interests. As long as localities have relatively independent economic interests, they will not completely close themselves off. This is related to the actual conditions and mechanisms of local interests. Because of the interconnectedness between the resource structure and industrial structure of a locality and the related interlocking between the product structure and consumption structure of the locality, the supply and demand for products in a region cannot be entirely realized in the local market. Otherwise enterprises would have no way of surviving and develop and local interests would be accordingly affected. Thus, under an open system, the space which a region needs to exist involves not only areas within the region, but also areas outside the region.

The activities and trends of local governments in opening up and encouraging competition likewise have their origins in internal impulses of local governments. These impulses which were suppressed under the traditional system have, under the reform and opening up policies, been freed and been magnified by internal factors. If we take Zhejiang as an example, before the reforms, Zhejiang ranked from the middle to lower levels in terms of its economic position in the nation. In 1988, it had risen to be among the most developed regions in the country (assessed using the "overall scale" indicator, Zhejiang was in ninth place, while assessed using the "comprehensive results" indicator, Zhejiang was in seventh place). (Footnote 4) (The "overall scale" indicator includes: gross industrial output value, gross output value of rural society, gross agricultural output value,

gross output volume of grain, GNP (Domestic), investment in whole-people fixed assets, and total retail sales of commodities in society. The "comprehensive results" indicator includes: per-capita GNP (domestic), per-capita national income, per-capita income of urban residents, the percentage which the funds used in finished products of industrial enterprises constitute as a proportion of fixed and floating assets, the labor productivity of the entire staff of industrial enterprises, and per-capita savings of urban and rural residents.) There are many factors which have contributed to this rise in the economic position of Zhejiang, including both normal and abnormal factors. However, there is one point which can be affirmed. In the 1980s, Zhejiang adopted market-oriented development policies. The majority of Zhejiang's raw materials are obtained from markets outside the province. Over 40 percent of the industrial products of the province are exported or sold outside the province. If Zhejiang had completely ignored interests outside the province, and adopted a blockade policy, with its great lack of raw materials, it would not have seen the great development it did in the last 10 years. Also we can take Guangdong as an example. About 75 percent of all economic activities are subject to regulation through market mechanism, one-quarter of the province's GNP is realized in foreign markets and one-quarter of the province's national income and construction funds come from abroad. (Footnote 5) (Yi Zhenqiu [2496 2182 3808]: "Seriously Sum Up the Lessons of History and, in Economic Improvement and Rectification, Do Well in Comprehensive Reform Experiments" in JINGJI SHEHUI TIZHI BIJIAO 1990, No. 2)

In another respect, in appraising the market activities of local governments, we also need to consider them in relation to the economic structural reform. As stated above, before the reforms, our country's commodity economy was not very developed and the market mechanism was very imperfect. However, through 10 years of reform, the market has developed and is now clearly much stronger than originally. As has been said by some scholars when appraising the 10 years of reform, over the last 10 years, we have achieved clear advances in market-oriented reforms, and in the market mechanism aspect we have begun, in accordance with the demands of the development of the socialist commodity economy, gradually opened up and developed various kinds of markets, and gradually established and improved the socialist market system. The means of production market and the funds market have seen definite development, while the technology, labor, information and real estate markets have begun to appear. (Footnote 6) (See Chinese Academy of Social Sciences' Economic Research Institute Task Group: "Reflection on the Theory of Socialist Economic Structural Reform" in JINGJI YANJIU 1989, No. 10, and Liu Guoguang: "The Arduous Course of China's 40 Years of Economic Construction and 10 Years of Economic Reform" in JINGJI YANJIU 1989, No. 9) The reasons behind the achievement of these successes are diverse, but it must be said that the

activities and tendency of local governments to open up and encourage market competition is one of the major reasons.

The aim of affirming the duality of local government market activities lies in the following: 1. We need to further demonstrate the necessity of the central government expanding the power of local governments. The expansion of local powers will not necessarily lead to chaos in the market. As long as the central government, at the same time as expanding the power of localities, standardizes the scope within which and forms by which the local authorities can exercise the power, the local governments can play an active role in the perfecting of the market mechanism and the market system. 2. The market activities of local governments can only produce one of the aspects needed by market mechanism, not the entirety. If we are to promote market reform, the train of thought cannot be limited to this. Rather, there needs to be consideration of diverse aspects concurrently. This includes the readjustment of distorted prices, the establishment of a production factor market, the perfection of the system of enterprises taking responsibility for their profits and losses and a strengthening of enterprises' consciousness of participating in market competition. 3. When the central government is formulating macroeconomic policies, it cannot require "standardized measures". Rather, it should, in accordance with the different activity characteristics of various local governments, adopt various policies.

4. Local Economic Interests and the Root Causes of the Emergence of Regionalism

If we are to identify the root cause of the the emergence of regionalism, the crux lies in correctly revealing the basic characteristics of local governments.

The basic characteristics of local governments are mainly manifested in their dual statuses. Some people hold that being a regulatory and control entity and being an economic interests entity creates the dual statuses of local governments. (See Shen Liren and Dai Yuanchen: "The Formation of Our Country's 'Princely Fiefdom Economy' and its Abuses and Origin" in JINGJI YANJIU 1990, No. 3) I do not agree with this view. The "regulatory and control entity" comes under the category of exercise of power, and it is specifically manifested as decisionmaking, regulation, coordination and control. This and the "economic interests entity" have a dependent relationship with each other. Further, the size of local regulatory and control powers are determined by local economic interests. Under the traditional system, because local governments were not economic interests entities, local governments did not have and could not have appropriate regulatory and control functions. All regulatory and control jurisdiction was in the hands of the central authorities. After the economic structural reforms, following the formation of local interests entities, the central government also gave them certain regulatory and control powers and this reflected a unity of power and interests. The full manifestation was a

unity of responsibilities, rights and interests. In the same way, if the localities only had regulatory and control powers, without their own interests demands, this regulatory and control power would be empty, and could not produce any real results. Thus, the regulatory and control entity and economic interests entity characteristics cannot reflect the nature of the dual statuses of local governments.

What then is the nature of the dual statuses of local governments? I believe that this is mainly reflected in two aspects: In one respect, local governments, as a medium-level in the overall macroeconomy, must be subordinate to overall interests and demands, and the local principles and policies which they formulate must have this as their point of departure. In this sense they are the subordinates of certain interests. In another respect, localities as the prime level heads of regions, have interests targets which the region is pursuing. Thus, they are also the controllers of certain interests. The dual statuses of local governments manifested on the economic interests level as subordinate and controller are linked together with their dual statuses manifested in regulatory and control rights. On the one hand, as the subordinates of macroeconomic interests, they must be subject to macroeconomic regulation and control by the central government. That is to say, they are the targets of macroeconomic regulation and control. In another respect, as the controllers of local interests, they also exercise some regulatory and control rights and in this they have the nature of regulatory and control entities. The dual statuses of local governments on the interests level determine their dual statuses on the regulatory and control level.

In practice, friction often occurs between the dual statuses of local governments on the interests level. This, it should be said is a normal phenomenon. This is because the interests controlled by the local governments are in the end only partial interests, and the partial interests structure and practical mechanisms cannot be completely in agreement with overall interests. When conflicts occur in the dual statuses of local governments on the interests level, if the dual statuses of the local governments on the regulatory and control level can maintain a balance, the interests clash can be controlled or eliminated. If a conflict arises between these two, it is possible that the interests clash might be exacerbated.

Another point which needs to be clarified is why clashes should occur between the dual statuses of local governments on the regulatory and control level. This is mainly related to the haziness between the jurisdiction of central government regulation and control and the jurisdiction of local government regulation and control jurisdiction. In another article, I have made an analysis and found that each time the central government of our country expands the power of localities, it is done in a situation when excessive centralization of power has affected overall economic movement. Thus, the handing down of power has both a breakthrough aspect and a blindness. How power is to be handed down and how much power

is to be handed down is not subject to detailed analysis and thought at the time the power is handed down. Essentially, what is handed down in such situations is sham power rather than real power. That is, the power which the localities gain is temporary and unstable with no legal guarantees, and the central government can take it back at any time. In such a situation, after the power of localities is increased, it is very easy for short-term activities to occur. (Footnote 8) (See Wu Minyi: "The Relationship Between Changes in the Central and Local Jurisdictions" in GONGYE JINGJI GUANLI CONGKAN 1986, No. 6) Here I would like to add two points.

First, in the process by which they expanded the power of the localities, the central authorities have not considered the correspondence between responsibilities, rights and interests. In 1980, after the institution of the graded financial system, the economic interests rights of localities were expanded and localities could use a certain amount of economic strength to develop the local economy. However, it was never clear how much regulatory and control power the localities had. In a situation where the dividing line between the regulatory and control jurisdictions of the central and local authorities was unclear, the responsibility mechanism of the localities was very fragile. This was manifested in: 1. Localities were unwilling to take responsibility for their own actions or did not consider the results of responsibility in anticipated economic activities. 2. As there was no complete responsibility restraint and assessment system, after some problems appeared in the localities, the central government had difficulty in investigating and affixing responsibility. Thus, an important factor giving rise to regionalism is that local rights, responsibilities and interests do not correspond.

Second, the central authorities have expanded the power of the localities in a non-standardized way, and this has weakened the macroeconomic regulatory and control capacities of the central authorities. Originally the central authorities should have given the power to regulate and control matters related to local economic activities to the local government. That is, the local government would have regulated their own economic activities, while the power to regulate and control macroeconomic activities would have been completely in the hands of the central authorities. However, the actual situation was that in the process by which the central authorities were expanding the power of localities, they handed down many powers which should not have been handed down. These included for example the power to regulate and control finances. Even in developed capitalist countries like Japan and developing countries like Brazil, the central government holds the major financial control powers. However, over the last few years, the financial control powers of our country's central government have been continually weakened. From 1984 to 1988, state financial income as a proportion of national income fell from 26.56 percent to 21.3 percent, while state finances as a proportion of overall finances fell from 56.1 percent to 47.2 percent. The central macroeconomic regulation

and control lacked power and the central authorities could not effectively check the regionalist activities of the local governments. This, it can be said, is another major reason for regionalism.

The above analysis shows that the existence of local interests only brings into the open innate factors for the production of regionalism, while regionalism has, apart from these factors, other related conditions. Thus, we cannot see the emergence of regionalism as the inevitable result of the existence of local interests. Likewise, we cannot take the weakening of the interests entity status of the local governments and the strengthening of their regulatory and control entity status as a basic way to eliminate regionalism. Rather, we should achieve the aim of eliminating regionalism by curbing the conditions which produce regionalism.

First, local governments should form a self-restraint and regulatory mechanism under which responsibilities, rights and interests correspond. At the same time as the central authorities are readjusting the interests relationship with the localities, they should also readjust the regulatory and control jurisdiction relationships with the local authorities, so as to combine interests, regulatory and control powers, and responsibilities. Specifically, the responsibilities and powers of the central and local authorities should be clearly stipulated. That is, it should be clearly set down which matters will be handled by the central government, which matters will be handled by the local governments and which matters will be jointly handled by the central and the local governments. The general principle for the division should be that which was noted in the report at the thirteenth party congress. That is, with the precondition of guaranteeing the unity of national decrees, local matters should be handled by the localities, while the central government should be responsible for putting forward major policies and exercising supervision. After clarifying responsibilities and rights, there should be other division of financial powers and property powers. The division of financial powers should be one whereby the existing "financial contracts" gradually change to a system of separate taxation. In order to guarantee the realization of these local rights and the elimination of problems produced in the process of exercising power, the central authorities should give the local governments appropriate regulatory and control powers and joint responsibility. In this way, the localities will have self-restraint and regulatory capabilities.

Second, an effective balancing mechanism by which the central government exercises some supervision over the local authorities should be established. Its major contents should be: 1. The central government will stipulate the basic conditions, role and scope of the regulatory and control powers of the local governments. 2. The central government will have the right to intervene if, in the process of regulation and control by local governments, there emerge inappropriate or uncoordinated activities. 3. The central authorities, through controlling planning, financial and banking regulatory and control measures,

will exercise further regulation and control over the regulation and control measures of the local governments.

Grass-Roots Units Work by Officials Praised

OW0609181390 Beijing XINHUA in English
1416 GMT 6 Sep 90

[Text] Beijing, September 6 (XINHUA)—Investigations and work among grassroots units by central and local party and government officials have helped to add prestige to the Communist Party, remove factors causing instability and solve concrete problems for the masses, thereby winning hearty support from all walks of life, the "PEOPLE'S DAILY" reported today.

Minister of Textiles Wu Wenying went to five mills in Shijiazhuang, capital of north China's Hebei Province, recently. She labored alongside workers and examined factory operations and working conditions during the daytime and visited workers' homes in the evening.

Three investigation groups headed by Vice-Ministers of Education He Dongchang, Zhu Kaixuan and Teng Teng went to 20 key institutes of higher learning across the country not long ago to solicit opinions, suggestions and criticism from college students.

Meanwhile, the State Science and Technology Commission sent 24 officials to help people in underdeveloped regions in Hubei, Henan and Anhui Provinces to shake off poverty and backwardness.

An earlier report in the paper said that administrations at various levels have sent 970,000 officials to work in grassroots units since early this year.

CPC History by Party School Published

OW0609200390 Beijing XINHUA in English
1338 GMT 6 Sep 90

[Text] Beijing, September 6 (XINHUA)—A book titled "History of the Communist Party of China", compiled by the party school of the Central Committee of the party, was recently published by the People's Publishing House here.

The preface to the book says that it was compiled in accordance with the spirit of the "resolution on certain questions in the history of our party since the founding of the People's Republic of China", passed at the Sixth Plenary Session of the 11th Central Committee of the Communist Party of China in 1981, proceeding from the viewpoint of dialectical materialism and historical materialism, in line with the historical facts and in a down-to-earth manner.

The work, in three volumes, traces the history of the Communist Party of China from 1921 to 1956. The history of the party after 1957 will be compiled and published later.

According to an official of the People's Publishing House, the book is the most detailed and longest concerning the history of the Communist Party of China ever published in China.

The People's Publishing House is China's largest publishing house oriented to political books.

East China Propaganda Coordination Conference

SK0709055990 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 5 Sep 90

[Text] The 5th propaganda coordination work of 6 provinces and 1 city in eastern China opened at the Nanjiao Guesthouse in Jinan today [as heard]. Propaganda Department directors from Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, and Shandong and responsible persons of departments concerned, a total of some 30 people, attended the conference.

The main tasks of this conference were to share valuable experiences in party development, education for party members, and development of spiritual civilization, and discuss ways to further improve party's propaganda work. Ma Zhongchen, deputy secretary of the Shandong Provincial CPC Committee, attended and addressed the conference. He said: This conference in Shandong has created a very good opportunity for us to learn from fraternal provinces and cities. We are convinced that through the efforts of fraternal provinces and cities to pass on their valuable experiences to our province, our propaganda and all fields of work will be greatly promoted.

At the conference, Miao Fenglin, member of the Standing Committee of the Shandong Provincial CPC committee, and director of the Propaganda Department, gave an account of Shandong's propaganda work. Comrades in charge in the propaganda departments of Jiangsu and Zhejiang Provinces and other provinces and city respectively introduced their experiences in propaganda work. During this conference, responsible comrades from fraternal provinces and city will also go deeply to our province's cities and prefectures concerned to inspect and give guidance in such aspects as party building, education for party members, and building of spiritual civilization.

Decree Removes Li Peng From Economic Commission

OW0709082090 Beijing XINHUA Domestic Service
in Chinese 0415 GMT 7 Sep 90

[Text] Beijing, 7 Sep (XINHUA)—PRC Presidential Decree No. 34:

The following arrangements were made in accordance with a decision adopted by the 15th meeting of the PRC National People's Congress Standing Committee on 7 September 1990:

1. Li Peng is removed from his concurrent post as the chairman of the State Commission for Restructuring the Economic System.

2. Chen Jinhua is appointed as the chairman of the State Commission for Restructuring the Economic System

[Signed] PRC President Yang Shangkun

[Dated] 7 September 1990

Chen Xitong, Luo Gan at Asiad Village Opening

OW0709075990 Beijing XINHUA in English
0716 GMT 7 Sep 90

[Text] Beijing, September 7 (XINHUA)—Chinese Vice Premier Wu Xueqian cut the red ribbon to mark the opening of the 11th Asian Games Village here on Friday.

The national flag of the People's Republic of China, the flags of the Olympic Council of Asia and of the 11th Asian Games were hoisted at a grand opening ceremony of the Asian Games Village in the northern suburbs of Beijing.

Wan Li, honorary president of the 11th Asian Games organizing committee, sent a message of congratulation to the opening ceremony.

In his message, read by deputy village Mayor Huo Jinglin, Wan Li says: "As the hosting country of the Asian Games, China will, in compliance with the principle of 'unity, friendship and progress', provide the meticulous services to every participating sports delegations with enthusiasm and good facilities and make a great contribution to further developing the friendship and cooperation among the asian peoples and athletes."

Jiao Ruyu, mayor of the Asian Games village, and Chen Xian, vice president of the Olympic Council of Asia, made addresses at the opening ceremony.

Also present at the ceremony were Chen Xitong, president of the 11th Asian Games Organizing Committee and mayor of Beijing, Luo Gan, secretary-general of the Chinese State Council, and Wu Shaozu, executive president of the Asian Games Organizing Committee and minister in charge of the Chinese State Commission of Physical Culture and Sports.

Diplomats from the participating countries to the coming Asian Games attended the ceremony.

Chinese State Councillor Li Tieying met with the foreign guests before the ceremony in the Asian Games Village.

The Asian Games Village, with an area of 16 hectares, includes apartment buildings, dining halls, information center, NOC service center, entertainment center, medical center, fitness center, flag-raising square, sites for religious services, gardens and administrative offices.

Bo Yibo, Wang Bingqian Attend Funeral

OW0709094690 Beijing XINHUA Domestic Service
in Chinese 1001 GMT 6 Sep 90

[Excerpts] Beijing, 6 Sep (XINHUA)—Comrade Niu Peicong, a fine CPC member, long-tested communist fighter, member of the Standing Committee of the 5th National Committee of the Chinese People's Political Consultative Conference [CPPCC], and former deputy director of the State Council Finance and Trade Office, died of illness in Beijing on 21 August 1990 despite all treatment. He was 81 years old. [passage omitted]

At Beijing's Babaoshan Cemetery for Revolutionaries, a ceremony was held this morning so that people could pay their last respects to Comrade Niu Peicong's remains. Comrades Bo Yibo, Song Renqiong, Zhang Jingfu, Wang Bingqian, and Wang Renzhong attended the ceremony and presented wreaths. Comrades Chen Yun, Li Xian-nian, Peng Zhen, Xu Xiangqian, Yao Yilin, Song Ping, Duan Junyi, Cheng Zihua, and Gu Mu, as well as the CPPCC National Committee, the General Office of the State Council, the Shanxi Provincial CPC Committee and the provincial government, the Henan Provincial CPC Committee and the provincial government, the Henan Provincial People's Congress, and the Beijing Municipal CPC Committee, sent wreaths to the ceremony.

Correction to Li Ruihuan Views Political Work

WA0709140390

The following correction pertains to the item headlined "Li Ruihuan Views Political Work," published in the 30 August China DAILY REPORT, pages 17-29.

Make subslug read: ...place not given; Beijing XINHUA Domestic Service in Chinese at 1230 GMT on 18 May ran a shorter version of this speech which was published on pages 25-30 of the 21 May China DAILY REPORT [expanding subslug to include reference].

Science & Technology

Official Assures Safety of Nuclear Industry

HK0709003090 Beijing CHINA DAILY in English
7 Sep 90 p 1

[By our staff reporter Li Hong]

[Text] China's exploitation of nuclear energy would remain secure as long as national and international safety guidelines were abided by, a senior government official said yesterday.

To remedy the foreseeable shortage of underground energy resources, including oil and coal, two nuclear power plants are being built on China's coastal areas and more plants would probably be set up to electrify the industrial development of coastal provinces.

According to Lin Chengge, the deputy director general and principal engineer of China's National Nuclear Safety Administration (NNSA), nuclear radiation is something people still fear.

"But with all the precautionary measures taken, we can assure you that there will not be any Chernobyl in China," Lin told CHINA DAILY.

He said China's nuclear power plants were designed, built and operated in line with international standards, thus eliminating any risk to workers, the public or the environment.

The Qinshan Power Station near Shanghai, the country's first nuclear power plant—which had entered its commissioning phase and was to be loaded with fuel early next year—would operate safely, Lin said.

Installed with a 300,000-kilowatt pressurized water reactor, Qinshan would "never be out of control" because higher temperatures would lead to lower reacting speed. However, the graphite-uranium Chernobyl plant functioned the opposite way, Lin said.

Moreover, Qinshan power plant was protected by three safety barriers, including fuel element cladding, pressure bounding and an outer containment, which could seal nuclear radiationary releases in case of accidents.

A recent check on Qinshan by the pre-operational safety review teams of the International Atomic Energy Agency (IAEA) concluded that the "construction conforms to international standards" and "the quality is good," Lin said.

The Daya Bay power plant near Guangzhou, China's second large civilian nuclear installation and a joint venture between China Electrical Power and Light Company of Hong Kong and Guangdong Province, was equipped with French reactors. The French, Lin said, were responsible for its installation and commission.

Daya Bay had two 900,000-kilowatt pressurized-water reactors and was scheduled to generate electricity in 1991 and 1992 respectively. Lin said it would also be safely run, since 55 power plants in France it was modelled on had never reported nuclear radiationary releases.

To prevent any irregular construction, NNSA, an independent governmental nuclear regulatory body founded in 1984, had performed strict surveillance and verification on every step, from site choice, design, construction, commissioning and operation, Lin said.

Numerous inspection had been implemented, he said, and a close check had ensured the addition of 200 tons of structural steel in the plant foundation to guarantee its safe operation.

Zou Jiahua Attends Opening of Robotics Center*OW0509053490 Beijing XINHUA Domestic Service
in Chinese 1131 GMT 2 Sep 90*

[By reporter Dong Jianzhen (5516 6432 4176)]

[Text] Shenyang, 2 Sep (XINHUA)—The establishment of the Shenyang Experimental Robotics Project, a highly modernized robotics center in Nanhu District, Shenyang City, has opened a new chapter in China's development of the robotics industry. At 0800 today, Zou Jiahua, state councillor and minister in charge of the State Planning Commission, specially came to cut the ribbon at a ceremony marking the project's completion.

As a robotics research and development center meeting top world standards, the project, which covers a total area of more than 30,000 square meters, took only 33 months and a total investment of nearly 60 million yuan to build.

After cutting the ribbon, Zou Jiahua enthusiastically viewed demonstrations of the various robots invented by Chinese research scientists. A miniature, tank-shaped robot for clearing obstructions nimbly scaled up and down a ladder; and a mobile, rectangular robot walked about with life-like, dexterous steps in a room. The "Little Gold Fish," a robot measuring about one meter in length, swam around in an underwater robotics laboratory pool. With two glowing "big eyes" that provide clear vision, this "Little Gold Fish" is capable of filming underwater landforms and man-made structures at a depth of 100 meters.

During a briefing, Jiang Xinsong, a scientist specializing in automation research, said: "Robots move in response to human commands, performing dangerous tasks and hard labor on our behalf and in a faster and more meticulous way. Herein lies the significance of developing robots."

Radio Telescope Begins Trial Operation*OW0409014090 Beijing XINHUA in English
1416 GMT 3 Sep 90*

[Text] Nanjing, September 3 (XINHUA)—China's first millimeter-wave radio telescope was recently put into operation at an altitude observation station attached to the Purple Mountain Observatory here.

Tong Fu, director of the observatory under the Chinese Academy of Sciences, said that a six-month trial operation of the telescope installed at the observation station in Qinghai Province in northwest China has proved that the device is up to international standards.

The telescope, with a 13.7 m bore and a 13 mm working wave length, can receive the spectral lines of the cosmic radio source and continuous spectral signals for the study of astrophysics and cosmogony.

The device was jointly developed by the Purple Mountain Observatory and the Nanjing Astronomical Instrument Plant.

Disease Prevention Focus of Medical Experts*HK0409044890 Beijing CHINA DAILY in English
4 Sep 90 p 5*

[By Zhu Baoxia]

[Text] Beijing's medical expertise will, over the next five years, be channeled into the prevention and treatment of major diseases and nationwide health promotion campaigns.

According to the municipal health bureau, cardiac, cerebral and vascular diseases and cancer will be the primary targets of the prevention and treatment programmes.

Statistics show that in the capital, cardiac, cerebral and vascular diseases account for 49.5 percent of disease-related deaths each year.

Malignant tumors, especial lung cancers, come a close second.

On top of this, more than 75 percent of Beijing residents have a positive reaction to the hepatitis A antibody, while 2.46 percent of pregnant women tested have a positive reaction to the hepatitis B surface antigen.

The bureau says that research into cataracts, infant deafness and gerontology will also be strengthened during the coming years.

Medical experts in the capital are currently formulating battle strategies to help fight these problems, and their plans will be included in the Eighth Five year Plan for scientific development in medicine and health.

According to Gao Shouzheng, deputy president of the municipal health bureau, a publicity campaign will be launched so that as many people as possible have access to up-to-date research results.

He said 238 scientific research projects undertaken in Beijing last year had won prizes of international standing.

These have all reaped positives results, he said. The incidence of tuberculosis, for example, has dropped from 127 in 1979 to 56 per 100,000 people in 1988 which is the lowest in the country.

And research has led to the development of a local pharmaceutical industry that means China is having to rely less and less on imported products.

Gao said Beijing now has 19 research institutes at municipal and bureau level with about 2,626 personnel.

International exchanges have also been highly promoted during the years, and 29 co-operative programmes have been adopted.

High-quality traditional Chinese medicinal materials produced by a Sino-Japanese co-operation project at the Beijing Clinical Pharmaceutical Research Institute are expected to be ready for the Japanese market by next year.

The number of co-operative centres with the World Health Organization has also increased from 3 in 1985 to 7.

Health Care Instruments To Be Popularized

OW0509212390 Beijing XINHUA in English
1432 GMT 5 Sep 90

[Text] Beijing, September 5 (XINHUA)—China will popularize "Magic Needles" as items of household health care.

Gold Medal winners at the 38th World Invention Fair, the needles were invented by Xiong Xiaowei, a 28-year-old teacher at Xibei Polytechnic University, the "Magic Needles" are the trade mark of a series of health care instruments which combine the traditional Chinese acupuncture therapy with modern medical electronic techniques.

The "Magic Needles" can select the right acupoints automatically for diagnoses and treatment.

At the 38th World Invention Fair last December the devices won six Brussels "Eureka Medals"—four gold, one silver and one bronze—which was a record in the history of the fair. Xiong also won the Marconi Medal for his invention at the same time.

During the spring and autumn Guangzhou trade fairs last year the "Magic Needles" gained the favor of foreign businessmen, and business deals surpassed two million U.S. dollars-worth.

Up to now, over 50,000 such products have been exported to more than 20 countries and regions, including Belgium, France, Italy, Singapore and Taiwan.

Beijing Aeronautics Society Formed

OW0509063290 Beijing XINHUA in English
0546 GMT 5 Sep 90

[Text] Beijing, September 5 (XINHUA)—The Beijing Aeronautics Society was formed here Tuesday after a ceremony attended by 120 leading scientists and scholars from research institutes and institutions of higher learning in Beijing.

In the past three decades and more, China's space industry has achieved a marked progress.

The launching of "Asia-1" satellite and the "Long March-2" cluster carrier rocket this year has shown that China's carrier rocket production technology has been upgraded to a new stage.

Military

Army Rapid Reaction Capability Discussed

HK0409135590 Beijing JIEFANGJUN BAO in Chinese
3 Aug 90 p 3

[Article by Zhang Jiangning (1728 3068 1337): "Shallow Analysis of Several Characteristics of Rapid Reaction Capability"]

[Text] Many countries have attached great importance to building a rapid reaction capability into their armed forces in recent years, looking upon it as an important means to safeguard national interests, maintain the deterrent, and to gain strategic initiatives in regional wars and eventualities. Referring to helpful experiences of foreign armed forces and to explore the characteristics and laws governing the building of rapid reaction capability is, beyond a doubt, an issue of concern in our Army's construction during the new period.

Main Force and Vanguard—The Double Role of Rapid Reaction Capability

Rapid reaction capability often plays the main force's role in the arena of contemporary regional wars and it is precisely to meet such a need that rapid reaction capability has come into being and developed. France officially organized a specialized rapid action force—a light intervention division in 1962, the first of its kind in the world. Its chief mission was to serve as a mobile intervention force, ready at all times to be dispatched to the African continent for action. Later, the United States also established its "advanced commands" and officially established the highly modern "fast-moving joint special operations forces" in the 1980's, with an aim of planning for the national interests of the United States by playing the roles of a "fire brigade" and "super-killer." One after another, the USSR, Britain, and Italy each formed their own rapid reaction forces during the same period. It was learned that the FRG, India, Japan, and Canada are organizing and establishing rapid reaction forces.

The primary mission of rapid reaction capability is to win or check regional wars. It maintains high war-preparedness even in peacetime and will move quickly to the site of any eventuality should war break out to subdue the opponent in coordination with political and diplomatic struggles to accomplish the national strategic goal by military means under the prerequisite that normal national construction will not be affected. In recent years, the important leading role of rapid reaction forces has made itself felt in the U.S. invasion of Grenada, the Soviet invasion of Afghanistan, or the British landings in the Malvinas [Falkland Islands].

Once overall war breaks out, rapid reaction forces will play the role of strategic vanguard. Most likely, they will be the first batch of forces in action to: Implement fast mobility in occupying important strategic points to form a favorable posture covering the mobility and spread of follow-up forces to push the war situation in a direction

favorable to the development of one's own side. The role of rapid reaction forces in this arena has not yet been felt in actual war and, therefore, it is often neglected.

In sum, rapid reaction forces play a two-fold role—the main force comprises the small and medium operations and the vanguard in a major campaign. When building rapid reaction capability it is necessary to: Give ample consideration to the common points and differences in the two roles; pay attention to overall design, while avoiding the deviation of attaching importance to the former role while neglecting the latter; and to doing one's best to give play to the highest efficiency of rapid reaction capability in all categories of war, which will be hard to forecast in the future.

Speed and Magnitude—Core Essentials of Rapid Reaction Capability

A fast initiating rate and strong flexibility are typical of rapid reaction capability. Modern wars are characterized by the suddenness and intensity of swift battles with quick solutions. The side launching an offensive has usually made careful calculations with strict and tight secrecy, doing its best to grasp strategic initiatives with one action before declaring war. Should the other side fail to crush its opponent's attempt within a very short time after the war begins it will suffer tremendous losses and end in passivity. Time enables the side with the initiative to gain greater initiatives and it may also enable the passive side to gain the initiative. The key lies in the speed of action in operations. In this sense, time is the lifeblood of rapid reaction capability and speed is the embodiment of its essence. Without good timing, the rapid reaction capability is void of its *raison d'être*.

Strong capability in sudden assault and the magnitude of the assault are indispensable to rapid reaction capability. In a future war, the timely arrival of rapid reaction forces on the scene only creates the conditions for the solution to the problem, but will not resolve it. Because the lack of superior attacking capability and very strong capability for sudden attack will turn a seeming victory into a defeat.

Therefore, speed and magnitude are the core essentials of rapid reaction capability.

"Fast movement" is possible only with "light packs." Whenever rapid reaction is mentioned, light arms and equipment and advanced aircraft will always come to people's minds. Viewing the rapid response forces of the United States, Britain, France, and Italy, we found that they are seldom equipped with large and heavy arms and equipment. However, because of different conditions and needs, it is impossible for the building of rapid reaction forces in various countries to follow the same pattern. For example, out of the need to contend with world hegemony, the U.S. and Soviet rapid reaction forces are often dispatched overseas to intervene in other countries' affairs, and only with "light packs and fast movement" will it be possible to guarantee long-range mobility and operations. Ours is a socialist country

pursuing a foreign policy and strategic principle of active defense characterized by nonexpansion and nonhegemonism, while the starting point for building China's rapid reaction forces lies in safeguarding China's sovereignty and territorial integrity. We base ourselves on gaining the initiative only after we have been struck and confining operations to our own territory. Moreover, our forces are mainly deployed on the edge of the battleground planned in advance and, therefore, the demand for "light packs and fast movement" is not high. There is a relatively higher demand for the "magnitude of sudden assault." What is more, we do not possess the capability for large-scope long-range flexibility in sea and air operations and the major form can only be ground mobility. On such grounds we should not, and cannot, copy the U.S. and USSR patterns exactly. We should fully tap our own potential to build a quick reaction force characterized by "linking light to heavy equipment, with the latter being the key." Aside from a small body of crack troops who will pursue air mobility, the bulk of the forces should be formed using armored troops as the backbone, with very strong capabilities for sudden assault, defense, and mobility. This will give full play to the advantages of the tracked vehicles' mobility on the ground, while more important is their capability for deter or overcome the enemy with a very strong and sudden assault.

Therefore, it is not hard to see that speed and magnitude are of equal importance to quick reaction capability. Magnitude will be reduced to naught with a failure to promptly dispatch forces to the scene; on the other hand, the lack of sufficient magnitude will fail to efficiently deter or extinguish the enemy. Consequently, top speed will lose its value.

Deterrence and Actual Combat—Dual Functions of Rapid Reaction Capability

A rapid reaction force is an important component part of a country's integral deterrent capability. Its function of deterrent plays a role not to be underestimated in checking war and safeguarding national interests. When irreconcilable country-to-country conflict takes place, every action by a country's rapid reaction forces as its vanguard will rouse the world's, especially the hostile country's, attention. The size of the action can be flexible according to needs, while the deterrent methods may vary. This is precisely the big advantage of rapid reaction forces.

On several occasions in recent years the United States has employed its rapid reaction forces to deter its opponents' interest in conflict. Sometimes it put on a show of force by means of a military exercise, striking a pose to warn its opponent not to act rashly. At other times, it dispatched its troops, fierce in appearance and at daggers drawn. To resolve the Lebanon hostage crisis for example, the U.S. Armed Forces deployed two carrier strike groups in Lebanon's waters, while dispatching the Sixth [as published] Fleet's USS Kittyhawk carrier strike group to the Indian Ocean from the Philippines; at the same time, it dispatched a wing of F-111 fighter bombers

to the British military base in Cyprus. That series of actions exerted certain effects on the solution to the hostage issue. The power politics the United States pursued did not win much popularity; from some of its military actions, however, we can see the deterrent effects of rapid reaction forces characterized by "winning a war without actual combat."

When deterrent fails to accomplish the anticipated goal and to check a war, the rapid reaction forces' function of actual combat will give play to its advantages of quick reaction and strong magnitude in sudden assault in regional wars or armed conflicts. The world's universal goal is to subdue the opponent with no desire to see an expanded war. Under such circumstances, rapid reaction capability has become the ideal sword. Therefore, while building and employing their quick reaction forces, all countries invariably start from their deterrent effect and capability for actual combat, so that they possess a twofold function.

Equipment and Quality

Excellent arms and equipment are the material basis of rapid reaction forces. Many countries regard rapid reaction forces as the key to their defense construction, giving priority to such forces by bolstering them with various types of advanced arms and equipment, particularly hi-tech equipment.

While equipping its fast-moving deployment troops with voluminous excellent quality light arms, the United States is gradually equipping them with such state-of-the-art conventional arms as MH-47 and MH-60 helicopters, C-5 and C-17 transport aircraft and "FAV" rapid assault vehicles. On the basis of a light tank with great survival capabilities, the U.S. Armed Forces have succeeded in developing the RDF/LT tank for special use by fast-moving deployment troops. The tanks are equipped with 75 mm automatic surface-to-surface and surface-to-air cannons, with a rapidity of fire rate of 60 rounds per second and a top speed of 60 kph without tow. This tank is characterized by its strong firepower, excellent mobility, low fuel consumption, suitability for long-range airlift, and is ideal equipment for fast-moving deployment troops.

The French Rapid Action Force [FAR] is equipped with voluminous light-type armored vehicles, artillery, helicopters, and anti-tank guided missiles. To improve the FAR's capabilities for air defense and mobility, it is planned to equip it with such state-of-the-art equipment as the "Northwest Wind" air defense guided-missile launching vehicles, TRM-2000 light tactical trucks, HAC anti-tank helicopters, and HAP escort and fire-support helicopters.

The marine battalion of the Italian rapid action force boasts only 350 men but is equipped with tank landing craft, amphibious armored vehicles, armored infantry vehicles, and anti-tank guided missiles. It will be equipped with such state-of-the-art equipment as dock landing ships and medium and heavy helicopters.

Therefore, we can see that an important essence in building rapid response capability is the degree of updating of arms and equipment. In a certain sense we can say that without advanced arms and equipment, the advantages of rapid response capability are out of the question. However, it is impossible, nor is it necessary, for countries with limited economic strength and strategic goals to attach great importance to pursuing the updating of arms and equipment. They should rather think of ways of rational combination, tap potential, and implement the principle of combining high-precision sophisticated weapons with ordinary ones to give full play to the effects of existing equipment. It is comparatively reliable to ground the building of rapid reaction capability on such a basis.

On the other hand, it is necessary to pay attention to the important role of the quality of the men in beefing up rapid response capability. Commanders at all levels of rapid response troops must be the cream of the contingents of officers. They must be resourceful, seasoned, and have a strong adaptability for change. The soldiers must have outstanding valor as well as tough fighting will. They must go through special training and be familiar with the qualities and operation of various kinds of modern technological equipment, so that they may become "proficient in many fields." Such troops will certainly overcome their opponents in operations even if their arms and equipment are somewhat inferior.

Party Official Meets Second Field Army Members

*HK0609045790 Chengdu Sichuan Provincial Service
in Mandarin 0915 GMT 5 Sep 90*

[Text] The vice chairman of the CPC Central Military Commission, Major General Liu Huaqing, met with comrades of the Sichuan Chengdu City Society for Study of the History of the PLA [People's Liberation Army] Second Field Army Military and Political Institute. The meeting took place in Chengdu on 5 September.

The permanent [word indistinct] of the Sichuan Provincial Society for Study of the History of the Second Field Army Military and Political Institute, (Sha Di), on behalf of all members of the society, gave a briefing to Vice Chairman Liu on what had been done since its founding, and what would be done.

After listening to the briefing, Vice Chairman Liu first affirmed the work done by the society and gave some important instructions to its future work. After making an analysis of the present situation, both at home and abroad, he called on comrades of the society, with their own experience in the practice of revolution, to actively publicize the party's policies and lines, revolutionary traditions and patriotic ideas to inspire the new generation of the people's Army.

Following the meeting, Vice Chairman Liu Huaqing had a photo taken with comrades of the society.

System Developed To Train Air Force Controllers*OW0409104290 Beijing XINHUA in English
0755 GMT 4 Sep 90*

[Text] Beijing, September 4 (XINHUA)—A new training system for the Chinese Air Force has solved the long-term problem of air controllers lacking adequate experience of live battle training.

The simulated live fighter command and control training system, developed by the Communications Research Institute of the Chinese Air Force, consists of computers, radar tube displays, plotters, radar echo simulators and other elements of flight. It allows the trainee to practice flight plotting and to conduct tasks that were impossible under former training conditions.

According to an air force officer, training time for a military controller is usually four years. But in China, because of the lack of live fighting experience, the time has almost doubled.

Test-runs have shown that the new system is easy to operate.

"As the system costs only about 60,000 yuan, it won't constitute a financial burden to the air force and will save a great deal of aviation gasoline and other expenses at the same time," the officer added.

The air force started developing the system in 1988 and completed it in June, 1989.

Article Examines Army Air Force*HK0409155590 Beijing LIAOWANG in Chinese
No 32, 6 Aug 90 pp 13-14*

[Article by Jia Yong (6328 3057) and Sun Xiangyu (1327 4382 3768): "China's Army Air Force"]

[Text] Five years ago Deng Xiaoping, then chairman of the Central Military Commission, issued an order: Establish an Army Air Force. Since then, China's Army has acquired a pair of iron wings. In just a few years, the young Army Air Force, with helicopters and helicopter gunships as its main weapons, has impressively completed over 100 military exercises, rescue exercises, and air rescue exercises, etc., winning itself the honored title of "Air Shock Brigade."

A Soul-Stirring Military Exercise

Although it was a military exercise, it was as soul-stirring as a real war:

Columns of "enemy" tanks formed an iron current which flowed in the direction of our position, causing a surging dust storm.

The "front" was in a state of emergency!

The urgently dispatched helicopter gunships hid behind the bushes, their camouflage mingling with the green trees and grass, and the "enemy" planes high in the sky

could not detect them. Their rotor blades turned slowly, waiting for the chance to fight.

When the tanks rushed with great momentum toward the crescent zone, three helicopter gunships took off, then dived to the ground. Ten meters above the ground, no radar could detect anything. The helicopters which flew just above the ground could penetrate everywhere and they charged the tanks fiercely: High explosive shells, which were very sharp, went through the "tortoise shells," and mines were dropped into the "enemy clusters." All this happened suddenly and the "enemy" was taken by surprise...

Because of its superior flexibility, speed, and mobility, the army air forces, which were born during World War II, have been viewed highly by military circles in various countries since the very beginning. During the past several decades, army air forces have become important combat forces in modern warfare. China's Army is certainly the latecomer but the development during the past several years indicates that the young Chinese Army Air Force, with its unique courage, is really catching up.

The Pioneering Flight Over "Death Gorge"

Situated in Tibet's Duoxiongla Shankou is a gorge, 4,200 m above sea level, 200 km in length, and only two or three km wide. There are twists and turns along the gorge, which are extremely dangerous. The hot winds from the Indian Ocean and the cold front from the Qinghai-Tibet Plateau clashes in the gorge, forming vicious air currents which are formidable to any flying object. Over the years, Duoxiongla Shankou has been called the "Death Gorge," or the "forbidden flying zone."

Xing Xigui, a member of the Chinese Army Air Force, and commander of the flying corps; Dong Shengli, deputy commander of the corps; and Zhu Yongchang and Guo Fenghong, flying school instructors, decided to brave the journey along the "Death Gorge." It was because in the Medong areas across the gorge, thousands of people and soldiers were waiting for indispensable aid. Medong is the only county in China that does not have a road linking it to the outside world and every year the mountain is covered with snow for as long as eight months, making the situation difficult.

Meticulous, determined, and decisive, Xing Xigui was a typical man from northeast China. Twenty years of struggle in the air had equipped him with the courage and skill to conquer the blue sky. However, when his helicopter entered Duoxiongla Shankou, he still felt some kind of uncertainty—nevertheless, unprecedented in the history of flying, this was a flight into the death gorge! The sky was without a speck of cloud when the helicopter entered the gorge, but in a short moment the sky clouded over, like a huge dark cloak descending from above.

The visibility was only several tens of meters and Xing Xigui had to reduce speed.

The air current attacked from several directions, and the helicopter resembled a tiny boat on the wavetops, being thrown to and fro, with its rotor blades stirring up the ice on the cliffs and making some strange noises. The people inside the helicopter felt as if they were on a rough sea. Xing Xigui's hands, which grasped the control stick, were sweating—and at that time the temperature was minus 38 degrees Celsius! He dared not blink his eyes and his feet stepped softly on the accelerator... Xing Xigui had never felt time pass so slowly.

Eventually he saw blue sky again and tension gradually relaxed. The forest of Medong looked like stretched arms, welcoming this hero who had flown through the death gorge.

It was a triumphant homecoming. Mr. Bai Li Shi [4101 0500 1102], chief representative of the U.S. Xi Ke Si Ji [6007 4430 2448 1015] Company, held a welcome-back banquet for Xing Xigui and his crew at the Jinjiang Hotel in Chengdu. "This is an unprecedented move in the history of the helicopter," said Bai Li Shi, who had served for seven years as a soldier in the U.S. Army Air Force, as he toasted the Chinese soldiers with cognac.

Before this, Xing Xigui and his crew had made other unprecedented moves: During the earthquake in Yunnan, the train accident in Sichuan, and the snow disaster in Tibet, at almost every dangerous moment, they could fly over the mountains and through the mist, to create new flight routes...

Elegant Performance in a Foreign Country

Unlike Xing Xigui, Song Fenghu performed elegantly as a Chinese soldier at a French Army Air Force base.

When this Chinese soldier, a major who was skillful at nine kinds of flying techniques, first arrived at the base, not much attention was paid to him from those blue eyes. Song Fenghu had not rushed to prove himself. He thought that the French Army Air Force indeed had something to be proud of: Optimal and rational organization and flexible and mobile tactics, etc. He had no time for the beautiful Seine River or the ancient Arc de Triumph. He used all his time to study the new aircraft and new tactics of the French Army.

When he dashed into the sky, the French Army Air Force looked at this Chinese major with increased respect: Dive, air attack, and dogfight, each maneuver was elegant, free, and easy. To their great astonishment, they discovered that several top tactical flying techniques of the French Army Air Force had also been grasped correctly by this Chinese soldier. They had not expected that the just organized Chinese Army Air Force could have such good quality.

The Army Air Force Which Is Reluctant To Leave the Blue Sky

In the sky of the People's Republic, Ma Xiangsheng could be the helicopter pilot with the flying hours

matched by no one. In his 21-year flying career, he flew a total of 12 kinds of aircraft, including "Hughes," "Jaguar," "Mi-4," "Mi-8," "Black Leopard," "Skylark," and "Gazelle," and foreign and Chinese first-class and super-class helicopter gunships. Perhaps because of this, when he was 35, he was appointed to the very important position of first director of the flight department of a group army. However, after accomplishing the task of organizing the first flying group for the group army, he requested to return to the base to serve as group commander.

"I am reluctant to leave the blue sky!" Ma Xiangsheng said with sincerity. Since his first flight to the clouds when he was 18, Ma Xiangsheng has been reluctant to leave the sky. After braving the dark clouds, thunderstorms, and torrential rain, Ma Xiangsheng acquired the superior flying technique for conquering the blue sky and became one of the first batch of special pilots in our Army; precisely after this courageous struggle, Ma Xiangsheng fell in love with the blue sky.

No matter if they are commanders of the Army Air Force who are almost 50 years old, or the fresh graduates from the flying school, almost all the soldiers of the Army Air Force are reluctant to leave the blue sky and want to dedicate themselves to it. For this reason they cannot but leave behind their parents, wives, children.

Precisely due to this spirit, the Chinese Army Air Force, which has a short history of only a few years, has made achievements in more than 10 flying and scientific research projects. Last year, in just a single year, it dispatched aircraft 1,214 times to take part in rescue and emergency duties.

The Chinese Army Air Force is emerging with a completely new look before the people.

Defense Economy Advances Amid Readjustment

HK0709024390 Beijing JIEFANGJUN BAO in Chinese 9 Aug 90 p 3

[Article by Ku Guisheng (1655 2710 3932) and Li Qingyun (2621 1987 0061): "China's Defense Economy Moves Ahead in the Course of Readjustment and Reform—Roundup of Symposium on Theory Concerning Defense Economy"]

[Text] To probe deep into readjustment and reform of the national defense economy, the National Defense University and the Academy of Navy Services recently held a symposium on theory concerning national defense economy and carried out heated discussions on the following topics:

First, readjustment of the scale of national defense economy.

For a period of time, the scale of China's defense economy has been too large, exceeding the normal proportion. With the strategic change effected in national defense building in recent years, the scale of national

defense economy has been duly readjusted. However, there are still a number of problems. To resolve these problems and ensure the normal development of the national defense economy, the comrades attending the symposium urged that it is necessary to continue to make overall investigations, assessment, and readjustment of the national defense economy. The existing ordnance enterprises can be divided into the following four categories: First, enterprises engaged in scientific research and pursuing advanced world technology which specially manufacture Army products. Second, enterprises manufacturing goods for Army and civilian use, with stress on the former. Third, enterprises manufacturing goods for Army and civilian use, with stress on the latter. Fourth, enterprises transferred to the manufacture of products for civilian use. The latter two have the nature of mobilization ordnance. Their production and sales are under the management of civilian trade departments. The problem encountered in this regard is that the ordnance departments are not willing to give up the efficient enterprises transferred to the manufacture of civilian products while the localities are not willing to accept the enterprises with poor efficiency. The participants insisted that the enterprises transferred to the manufacture of civilian products should be transferred to local management when they have the basic capacity of existence.

What is the moderate scale of the national defense economy? This is one of the essential questions regarding readjustment of scale. On the whole, the participants said, the building of national defense economy should be capable of meeting the economic needs of future partial wars. The ordnance enterprises and relevant procurement and supply organs are responsible for the equipment needs of the standing Army in times of peace. However, the mobilization ordnance enterprises are responsible for weaponry required for future wars. In light of domestic and external experience and figures, the scope of mobilization for full-scale war should be eight to nine times that of the times of peace while mobilization for partial war should be 1.5 to three times that of peacetime.

Second, readjustment of the national defense economic structure.

With the strategic shift of national defense building as a whole, China's defense economic structure has been markedly readjusted and improved. However, there are still problems. Viewed from the structure of science and technology for national defense, there is an excess of low level research force, but a shortage of high-tech research force, which seriously affects modernization of national defense and development of the national economy. Viewed from the structure of national defense industry, the proportion of the arms industry is too big while that of astronautics, aeronautics, electronics, nuclear, and other high technological industries is limited. Viewed from the technology and equipment of ordnance production, there is a great quantity of general and low-tech

equipment, but a limited quantity of special and high-tech equipment. Viewed from financial expenditure, the proportion of national defense spending is dropping. Viewed from the internal structure of national defense spending, the amount used for purchasing equipment is limited and a considerable amount is used for the livelihood of servicemen.

To genuinely resolve the above-mentioned structural problem, there is a lot to be done. The comrades attending the symposium said that the most important thing to do first is to formulate correct industrial policies, lead science and technology for national defense toward a high-tech structure, and bring both Army and civilian products manufactured by ordnance enterprises into unified planning under the national industrial structure. Second, it is necessary to shorten the battle line, lay stress on main points, and concentrate human, financial, and material resources to develop high-tech products. Third, maintain the moderate growth in practical military spending to readjust the internal proportion of national defense spending, increase the amount required for purchasing equipment, increase the demand for procurement, and ensure readjustment and development of the ordnance enterprises.

Third, structural reform of national defense industry. National defense industry occupies a very important position in the national defense economy. Through ten years of arduous exploration, marked successes have been achieved in the reform of the national defense industrial structure. The orientation of service is shifting gradually from merely serving national defense building to Army-people integration. Enterprise organizations are changing gradually from a scientific research and production type to a production and operation type. The management system is changing gradually from self cycle and seclusion to internal and external exchanges. The orientation for products has changed gradually from developing a single Army product to Army-people integration and diversified operation. Taking advantage of reform, some enterprises have taken the new road of "raising loans to seek development, borrowing boats to go fishing on the sea, and importing advanced technology and cooperating with counterpart organizations." They maintained their ordnance strength, raised their technological level, entered the international market, and made contributions to the state. For various reasons, a number of ordnance enterprises still have difficulties in sources of raw materials, capital, and sales. The current tasks of structural reform include: First, it is necessary to continue to implement the structure of Army-people integration and bring the production of national defense industry into line with the national economic development plan as a whole; second, in the structure of product sales, it is necessary to smash the "trade barriers" and carry out competition on an equal basis; third, in the management structure, it is necessary to avoid repetition of the old road of "separation and relaxation at one time and integration and restriction at another" and strive to take the Chinese-style road of developing groups and

enterprises; and fourth, the retained production capacity should be protected in policies, technology, and capital and special protective measures should be adopted even when there is a lack of production quotas so as to prevent the production capacity of ordnance industry from declining.

Fourth, increase the efficiency of national defense economy.

As China's defense economy is now undergoing readjustment and a change, poor efficiency is rather common. The fundamental reasons for such a state of affairs are: First, low use rate of equipment; second, overstock of goods for civilian use produced by ordnance enterprises; third, small and complete enterprises and the low degree of specialization; and fourth, a number of enterprises located in the remote poor areas where transportation is inconvenient and production costs are high. To put an end to such a predicament, we should reduce the scale, readjust the structure, improve the distribution, reform the system, and adopt the national defense economic development pattern of "tapping latent potentials with limited actual strength."

Economic & Agricultural

Meeting Planned To Solve Economic Problems

HK0709012590 Hong Kong SOUTH CHINA
MORNING POST in English 7 Sep 90 p 10

[By Willy Wo-lap Lam]

[Text] Beijing will be holding an emergency meeting this month in an effort to solve the nation's growing economic problems, Chinese sources said yesterday.

A National Economic Work Conference, to open next week, will be attended by senior State Council leaders, including the prime minister, Mr Li Peng, as well as the provincial party secretaries, governors, and planning chiefs.

While the Eighth Five-Year Plan of 1991-1995 will be on the agenda, the major topics to be discussed will be the worsening financial crisis, regional cooperation and rivalry and the future of economic reforms.

Chinese sources said the State Council or cabinet would present to the provincial leaders a stark picture of this year's finances and ask for more regional contributions as well as self-restraint.

For example, the budgetary deficit is expected to reach 10 to 12 billion yuan (about HK\$16.5 billion [16.5 billion Hong Kong dollars] to HK\$19.8 billion) this year, against the projected figure of around 9 billion yuan.

And the central government is expected to dole out 120 billion yuan in subsidies on prices and on losing enterprises.

But since the austerity programme was virtually abandoned early this year, various provinces and coastal cities have unveiled ambitious projects to boost infrastructure and industrial capacities.

"As on previous occasions when national bankruptcy loomed, Beijing is appealing to local leaders to tighten their belts and observe harsh financial discipline imposed from the centre," a Chinese source said.

Beijing will probably appeal to the regions for more financial contributions, or at least help in ensuring that the central government receives the projected level of taxes and contributions.

According to the Director of the State Administration of Taxation Mr Jin Xin, Beijing is owed over 20 billion yuan in taxes.

The financial crisis has been exacerbated by sluggish sales and the rise in inventories and unsold goods.

Recent attempts to spur consumer demand through lowering interest rates on bank deposits have proved ineffective, and the Economic Work Conference will probably explore ways to "enliven the marketplace".

More important, Beijing will discuss with local leaders a game plan for rationalising the economic structure in order to cut down on losses.

Losses by state factories are projected at more than 55 billion yuan this year. Chinese economists say that rather than agreeing to privatising government-run business units or converting them to stock companies, the State Council will try to work out a system of tighter control of the enterprises.

Since the abandonment of the austerity programme, various provinces and cities, specially those along the coast, have engaged in what central-government planners call "vicious competition" by raising trade barriers and through surreptitiously lowering prices to boost exports.

While trying to impose more centralised control, Beijing will probably allow individual provinces or cities to experiment with selective liberalization measures.

For example, Guangdong Province will be permitted to go "one step ahead of the nation" in price reform and in setting up a social insurance programme.

Analysts say, however, that given the amount of red ink at the treasury, it is unlikely the work conference will endorse thorough-going reforms for the entire nation through the early 1990s.

Vitalizing Large, Medium Enterprises Viewed
HK0609023090 Beijing JINGJI GUANLI in Chinese
No 7, 5 Jul 90, pp 7-10

[Article by Wang Dianpu (3769 3013 3940), edited by Liu Qichang (0491 0366 2490): "A Proposal for Further Vitalizing Large and Medium Enterprises"]

[Text] State-owned large and medium-sized enterprises constitute the main force for our country's modernization, being the principal body of the socialist economy and the principal sources of the financial revenues of the state.¹ Over the 40 years since liberation, they have made great contributions to our country's socialist construction. In the 10 years following the Third Plenary Session of the 11th CPC Central Committee, under the guidance of the party's guideline of reform, opening to the outside world, and invigoration, they carried out a strategic transformation, from the production to production and operation type, from producing simple products to products of a relatively high technical level, and through the introduction of technology and technical transformation and strengthening of their stamina have begun to advance into the ranks of modernized enterprises. However, in the new period of improvement, rectification, and deepening of the reform, the enterprises have been confronted with a serious challenge, and in the course of development have encountered new contradictions and problems which are principally manifested in the following: Due to the maladjustment in macroeconomic control, the environment for production and operation on the part of the enterprises has become worse—circulation funds have become stringent; principal raw materials have become scarce and risen sharply in price; and energy supply, communications, and transport are in a stringent state. This has rendered it difficult for them to maintain normal production. Due to ineffective macroeconomic control, too many products have been abnormally imported which seriously disrupted the development of national industries. As a result of the increase in the kinds of tax levies, and the large and excessive deliveries of taxes and profits, the self-owned funds of the enterprises have been reduced to the lowest limit, and they can only depend on large amounts of loans (circulation funds and loans for technical transformation and capital construction) to carry out operation while being over-burdened by debts. As the market is generally weak and sluggish, receipts from sales have dropped to a large extent, and in varying degrees the enterprises have shouldered the burden of stockpiling and excessive storage of goods. Moreover, with management falling behind, a high consumption of materials, and low efficiency rate, a considerable number of enterprises are in a difficult and stringent state.

In the improvement, rectification, and deepening of the reform, how is it possible to improve and vitalize large and medium-sized enterprises? Here we offer several countermeasures and suggestions.

I. Strengthening Macroeconomic Planning and Control of Economic Work

The important causes of the various difficulties are poor macroeconomic planning and ineffective macroeconomic control. In order to vitalize the enterprises, first of all it is necessary to take effective measures on this side. For the present, we must devote efforts to performing the following five measures were:

(1) Strengthen the control over the import of goods. The experiences of various countries in developing national industries have told us: As far as possible it is necessary to introduce more advanced technology and import less end products. Firm insistence on this principle has an important bearing on vitalizing enterprises and developing national industries. Hence, this must be done.

1. Goods that can be produced in the country must be banned from import, regardless of the low technical level inside the country. Indeed, we should start from the principle of supporting the national industries and prohibit the import of such goods. Our country is a developing one and cannot seek high-grade, best, and top-notch in everything.

2. Regarding high technology products which cannot be produced internally and are social necessities, we must centralize the foreign exchange of the departments; in the selected enterprises adopt the form of integration of technology and trade. Introduce the technology and key parts into production, gradually carry out production within the country; and refrain from directly importing all of the machine.

3. In the industry currently being developed, particularly involving production of consumer goods such as video recorders, we should immediately stop the import of the end products and centralize manpower, material and financial power jointly, to solve the problems so that the industry may develop as soon as possible.

It is necessary to strengthen the control over the import of products. First, we must educate the departments and consumers to have a correct understanding of the national conditions and to establish the social atmosphere of taking the use of home-made products as being glorious. Second, it is necessary to reduce the number and quantity of departments engaged in screening and approving the import of goods, and set up a scientific and rigid procedure for screening and sanctioning. Third, we must firmly block the channel of the illegal importing of goods. All forms of illegal importation of goods such as separately importing the parts of a machine and then reassembling them later and paying for the imports outside the country, once discovered, must be sternly and severely dealt with.

(2) From the interest of the whole, formulate and readjust the economic policy. When formulating the economic policy, the basis should be to protect and maintain the interests of the whole; in assessing the good or bad points of something, the criterion should be whether

or not it is beneficial to the whole situation. An economic policy which benefits only individual localities and enterprises (even though partially it exhibits superiority) and which is not beneficial but harmful to the great majority of localities and enterprises, should be readjusted. This is an important experience and lesson taken from many years.

(3) Arrange and handle the structure of an enterprise, and attain an equilibrium in the growth rate of the large, medium-sized, and small enterprises, and in the structural development of industries and trades. The law of industrial development calls for the enterprises, and urban and rural industries to rise together. However, an important prerequisite to the healthy and rational development of town and township and small enterprises is respect for the rules governing the general scope of the enterprises, and for the principle of the rationalization of the industrial structure. The existence and development of the town and township and small enterprises is rational and necessary only when they carry out rational division of work with the large and medium-sized enterprises, when they fully display their strong points and special abilities, when they compensate for the insufficiency in certain aspects of the large and medium-sized enterprises and when they provide society with the products and services which the large and medium-sized enterprises cannot and should not provide. Not to utilize the production capacity already formed but to compete with the large and medium-sized enterprises for raw materials, energy and market, be it in the case of newly formed small enterprises or blindly enlarged original enterprises, is irrational. This must be readjusted in the period of improvement and rectification.

(4) Strengthen the management of industries and trades. One of the important causes of the difficulties met with by the large and medium-sized enterprises is the irrational structure of the industries and trades, and the management of industries and trades having inadequately performed its functions. This has been most outstandingly manifested in the development of the processing industry. Thus, while large cotton spinning plants and large machine-building factories do not engage in full-time operation but leave part of their production ability idle, small machine-building plants and small cotton spinning mills have mushroomed everywhere.

To solve this problem, we must strengthen the management of industries and trades. Aside from formulating policies and guiding the enterprises, management of industries and trades must employ economic, administrative, and legal tactics to enable the internal development of the industries and trades, and the coordination between them to progress in accordance with objective demands and on a scale and proportion which are feasible and workable. Planning of industries and trades should not only be on paper but should be concretely workable. Large and medium-sized enterprises should be the core in the arrangement of the internal production in the industries and trades. Circulation of materials and

supply of funds should first of all satisfy the needs of the large and medium-sized enterprises. In the case of enterprises which have been built redundantly and put in operation, and enterprises which have fallen seriously behind and beyond remedy and transformation, departments in charge of management and should have the power to readjust, reorganize, or abolish them altogether, otherwise everything will be in a mess, there will be no management industries and trades to speak of, and development of large and medium-sized enterprises will only be empty talk.

(5) Readjust the policy on supply of raw materials. At the moment, supply of raw materials is in a stringent state and there has been a sharp increase in prices. In solving this difficult problem, aside from vigorously developing the raw materials industries, we should also readjust the policy on their supply. The concrete measures are as follows:

1. In respect of the principal raw materials, we should enforce the system of special operation and special supply. The prices should be fixed and unified; the "double-track system" of prices should be abolished. Abolishing the double-track price system may affect the income of the original enterprises producing the raw materials but this may be exchanged for the increase in income of the majority of enterprises and any abnormal atmosphere may be rectified.

2. Concurrently with the de-control of the prices of non-essential raw materials, a price ceiling should be fixed for them, for unified use in buying and selling in the market for means of production.

3. Strengthen management of the market, ban "re-buying and re-selling for profit," reduce the unnecessary circulation stages, and increase the degree of transparency in transactions.

II. The State's Economic Policy Should Slant Toward Large and Medium-Sized Enterprises

In order to achieve an all-round slanting to one side, first of all three basic problems of understanding must be solved:

First, should priority development be given industries which engage in production and manufacturing or to the circulation sector? According to China's actual conditions, the first important task in developing a socialist commodity economy is to develop industries engaging in production, manufacturing, and scientific research, develop state-owned large and medium-sized enterprises which have a bearing on the national economy and the people's living, and not to develop the circulation sector. In a country like China where the commodity economy is not developed and which does not have plentiful material resources, an over-emphasis on commodity circulation will inevitably result in helping the growth of currency inflation, and restricting the development of industry and commerce.

Second, is it letting in water to rear fishes, or onesidedly seeking financial income? Compared with the past, in the last 10 years large and medium-sized enterprises have increased their ability in autonomous operation and self-transformation, although seen as a whole the majority of enterprises still have a low capacity in autonomous operation and making accumulations. The proportion of profit-retention and the accumulation rate of large and medium-sized enterprises are lower than those of small, town and township, and individual enterprises. At present, the self-owned funds of a portion of the large and medium-sized enterprises are not sufficient to maintain simple reproduction, far less to carry out technical transformation and expanded reproduction. Hence, to develop them, we must carry out the policy of letting in water to rear fishes and ceaselessly expand the enterprises' ability in autonomous operation and making self accumulations. This does not conflict with increasing financial receipts. If we onesidedly seek financial resources and dig deep into the enterprises, seen in the long run, this will not help in increasing financial receipts. In reality it is a short-term act.

Third, is it developing the major projects or just "scattering pepper in an all-round manner"? With the lack and shortage of energy, funds, transport facilities, and raw materials, the latter policy of all-round scattering of pepper cannot be applied to all enterprises. Rather, we should follow the slanting to major projects and give priority to stabilizing large and medium-sized backbone enterprises, particularly the energy, communications, and basic raw materials industries and trades, and the "front-rank soldiers" of the various industries and trades.

How can we carry out all-round slanting?

1. From the central government to the provinces and cities they should all, based on an earnest investigation and study, list a number of large and medium-sized backbone enterprises which they designate for major support. At the present stage, there should be more with direct planned management; some enterprises may be listed in the plan while, regarding others, a system somewhat similar to listing in the plan may be adopted, and still subject to individual screening, checking, and centralized control. At the same time, help should be accorded to the enterprises in solving their problems.

2. Enforce all-round slanting toward coal, electric power, transport, funds, and raw materials. Regarding funds, loans for circulation funds should be increased, the volume of loans should be fixed anew, and it must be ensured that the enterprises have sufficient funds for circulation. As for raw materials, in the case of those needed for production of the state's necessary products as well as goods for export, there should be direct contact between the supply side and the demand side, thus to avoid or reduce the intermediate stages. In short, we should adopt the measure of "special demand and supply," so as to ensure the production of marketable goods.

3. Stern measures should be adopted to cut off impositions and levies in various forms or under various pretexts.

4. Protect the enterprises' stamina for development. The state should follow the industrial policy and raise the depreciation rate of fixed assets of certain industries, and thus strengthen their ability to open up new products and to engage in expanded reproduction.

5. The state should formulate certain policies to encourage the inflow of talents to the large and medium-sized enterprises and prevent them from flowing to the circulation sector. At the present stage, it should be strictly stipulated that cadres who have retired from retrenchment of governmental departments should be employed to fill posts in enterprises and in the departments of public safety, administrative and legal affairs, supervision, auditing, commerce, industry and taxation, and not allowed to flow to the localities to organize companies which are of no benefit to the state and the people.

III. Firm Insistence on Contracting; Improvement of the Contracting Mechanism

Actual practice has shown that an enterprise must have an operational mechanism which is the integration of stimulation and restriction. A mechanism of this kind is able to fully display the strong points of enterprises under the system of ownership by the whole people and makes them maintain a brisk vitality, creating more material wealth for society and providing more accumulation for the state. Many years of actual practice has proven that enforcement of the contracted operation responsibility system is a practical and workable method for solving this problem. In the last two years, the contract system was pushed on a large scale under the conditions of drastic changes in the outside environment of the enterprises. It has been tested and found to have played an important role in arousing the enthusiasm of the operators, ensuring the development of production, stopping finance from going downhill, stabilizing the ranks of the staff members and workers, and enhancing economic benefits. It has been found to be an operational form worthy of being affirmed and firmly insisted upon. Naturally, the contract system still has problems in store which await solution, and it needs to be improved and further developed. In this connection, we offer certain suggestions as follows:

1. Smooth out the relations between the contractor and the party that contracts out. The fact that the relations between the two parties are still not smoothed out is manifested on two sides: First, the contracting-out party cannot ensure the necessary conditions but the contractor must bear the whole responsibility. Actual practice has shown that whether or not the contracted targets can be accomplished is restricted to a very large extent by the good or poor external environment of the enterprise. Several years after the signing of the contract, the external environment has developed rather large

changes, but the contract agreement cannot make the corresponding changes and in this connection the treatment suffered by the contracting side is unfair. Second, the contracting-out side has too many constituents and the results of many-headed contracting out are that anybody can question the conditions of the contracted enterprise whereas nobody can bear the full responsibility. The counter measures in smoothing out are: 1. At the time of the contracting-out the contracting-out party should give full consideration to the changes in objective environment and formulate the corresponding counter measures; and 2. Many-headed contracting-out should be changed to single-headed contracting-out and the state should designate the particular level of state-owned assets control department to sign the contracting agreement with the enterprise. It should also supervise and control the conditions of the execution of the agreement.

2. Scientifically and rationally fix the contracted base figure. In the first round of contracting, the contracted base figure of a portion of the enterprises was not sufficiently rational, resulting in the enterprises competing with each other under extremely unequal conditions. Principally there are three causes leading to this irrational condition: First, in the case of a portion of the enterprises which have performed well in their operations, the contracted base figure was too high, the rate of progressive increase was too large, and thus there was the phenomenon similar to that of "beating the fast ox." Second, in the case of certain other enterprises, their contracted base figure was too low and the necessary driving power and restrictive power were lacking. Third, the contracted contents were not alike, some contracting for the delivery of profits, some for delivery of profits and taxes, while some were allowed to make full retention of the excess profits while others could only retain a portion, the treatment being thus rather unequal. Hence, scientifically fixing the contracted contents and base figure is of great importance in perfecting the contracted operational responsibility system. We suggest adoption of the following two measures: 1. The average of the profits of the first round of contracting and the average profit and tax yielding rate of funds of the same industry or trade should be taken as the principal basis and at the same time consideration should be given to the state's industrial policy, prices of raw materials, ability to repay loans on technical transformation projects, the increased effects after transformation, the trend and potentials of development of the enterprises, and factors. At the time of the year-end assessment of the operations, it is also necessary to make due and rational readjustment of the profit and tax delivery targets in the case of those enterprises which have suffered from rather large fluctuations in profit and loss because of changes in the outside environment. 2. Principally depending on the method of input and output to fix the delivery targets of the contract of the enterprise, that is, using the ration between the input by the state of state-owned funds into enterprises of the same industry and trade, and the yield by the enterprise of the benefits to state-owned assets as the basis to measure and determine the definite delivery

targets of each and every contracting enterprise. Regarding enterprises which earn small profits or even suffer losses, they should be given support from a preference policy for a stated period of time and if concrete results are still not shown then we should firmly and resolutely encourage those large and medium-sized enterprises with good performances to contract for them, or hire or merge them so as to facilitate the rational circulation of the essential elements of production.

3. Regarding the form of contract, reform should be firmly insisted on. First we may try out whole-body "risk pledge" contracting and gradually change over individual contracting by the enterprise entrepreneur to joint contracting by groups of enterprise entrepreneurs and the whole body of producers; second, introduce the competition mechanism into contracting and push the enterprise and entrepreneurs to the market of contracting targets and thus carry out competitive contracting.

4. Let us overcome the problem of "contracting replacing management," and earnestly strengthen modernized scientific management. In the contents of contracting, government should increase such conditions as enhancing the quality of the staff members and workers, pushing scientific and technical progress, augmenting scientific management, developing the culture of the enterprise, and pushing the building of spiritual civilization. At the same time, screening and examination of the results should be carried out. The enterprise themselves should have a clear understanding of the relations between "contracting" and "management," and in the course of contracting continuously raise the level of management.

IV. Take the Road of Grouping of Enterprises and Speed-Up the Formation of "State Squads" of the Various Industries and Trades

If we want to display the strong points of the socialist system, and create a labor productivity rate and highly developed social productive forces superior to those of capitalism, we must rely on a number of large and medium-sized enterprises, organize the multitude of medium-sized and small enterprises, take the road of grouping of enterprises, and form an enterprise organizational structure needed for modernized large-scale production. By so doing, it will be possible to depend on the organized and strong economic strength of the groups to produce a large variety of products and stand on an unbeatable ground in international and domestic competition.

In developing the enterprise groups, we must refrain from forming loose, combined bodies which differ materially and spiritually from each other. We must break the bondage of the "three unchangeables," promote the unified operation of the assets of the enterprise groups, and realize the closely-knit type of specialized production and intensive operation.

Footnote:

1. This article was originally an essay submitted by the author in a contest held by the National Entrepreneurs Theoretical Research Institute on Deepening the Reform; large deletions have been made for publication by this magazine.

Foreign Aircraft Manufacturer Cooperation Sought

OW0509130190 Beijing XINHUA in English
1030 GMT 5 Sep 90

[Text] Beijing, September 5 (XINHUA)—China plans to cooperate with foreign aircraft manufacturers in the production of 150-seat trunk airliners for domestic air routes, the Ministry of Aerospace Industry announced here today.

Yu Xie, director of the ministry's Foreign Cooperation Bureau, said that negotiations are underway with the Boeing Commercial Aircraft Company and the McDonnell Douglas Corporation of the United States and the Airbus Industrie Co. of France.

China is also expanding international cooperation for the manufacture of feeder airplanes, helicopters and aviation engines.

According to Yu, China is currently cooperating with the MBB Company of Federal Germany to co-manufacture MPC-75, a feeder plane.

He said that China and Singapore are jointly developing a two-ton helicopter that is expected to be ready in two years.

In an overview of Sino-foreign cooperative ventures, Yu said that an existing project between the McDonnell Douglas Corporation and the Shanghai Aviation Industrial Corporation of China, is proceeding smoothly. Fifteen MD-82s have been turned out and sold to CAAC.

In accordance with a contract signed between the two sides in 1987, the project will assemble 25 MD-82s in Shanghai before the end of 1991.

Since 1980, China has successfully manufactured 43 Dolphin helicopters with imported French technology, Yu said.

The Chinese aviation and aeronautical industry currently has trade and cooperative relations with counterparts in more than 50 countries and regions.

Yu said that China welcomes foreign cooperation in the field of aircraft building and hopes to expand that scope in the years to come.

Building Industry Cooperates With Foreigners

HK0609023990 Beijing CHINA DAILY in English
6 Sep 90 p 2

[By staff reporter Xie Songxin]

[Text] China's building materials industry is intensifying co-operation with overseas counterparts in an effort to attract foreign investment and promote Chinese products abroad.

The State Administration of Building Materials Industry announced on Tuesday in Beijing 71 projects in which foreigners were being invited to invest.

The projects include the production of cement, glass, glass fibre, ceramics and other materials.

Zhang Renwei, deputy general director of the administration, said foreign companies would be able to take part in the projects through joint ventures, compensation trade, co-operative management or as sole investors.

He said the projects were all in line with the industrial policy of the central government.

The building materials industry has so far used at least \$500 million worth of foreign investment and 50 foreign-funded enterprises are in operation.

The industry had over the past 10 years also bought more than \$2 billion worth of technology and equipment to update Chinese building material factories and construct modern plants, Zhang said.

The efforts of the past decade enabled China's building materials industry to achieve an output value of 54 billion yuan (\$11.5 billion) last year. China is the largest cement and flat glass producer in the world.

The country designs and builds cement plants capable of producing 2,000 tons of cement a day, and glass factories able to produce 500 tons of glass a day.

China is able to rely on domestic materials to build hotels of up to three-star quality, Zhang said. The industry supplied 95 percent of the building materials for the 2.5 million square metres of floor space of buildings put up for the forthcoming 11th Asian Games in Beijing.

There is a massive construction campaign for cement, glass and new building materials factories along the Yangtze River and in coastal regions to meet rising domestic construction and export demands.

Experts believe overseas sources of investment will play an important role in this drive.

Meanwhile, to further promote Chinese building materials overseas, Zhang's administration has arranged a number of promotional activities at home and abroad.

The administration will hold a building materials seminar in Tokyo jointly with Japanese counterparts in November.

In the same month, an international fair on building materials technology and equipment will be held at Beijing's World Trade Center.

The administration will hold a promotional fair for Chinese technology, equipment and building materials in Indonesia and another in the Soviet Union next year.

A promotional fair in Hong Kong in July garnered 31 letters of intent, involving 2.3 billion yuan (\$489 million) worth of building materials and technology for export.

Ways To Deepen Enterprise Reform Viewed

HK0709040790 Beijing LIAOWANG in Chinese
No 32, 6 Aug 90 pp 5-6

[Article by Gao Shangquan (7559 1424 0356): "Deepening Enterprise Reform Should Be Carried Out in a Comprehensive Way—Thoughts Concerning Several Questions of Reform and Development"]

[Text] The focal point of deepening reform lies in deepening enterprise reform while carrying out coordinated reforms in other related fields.

Deepening enterprise reform and enlivening the vitality of enterprises, especially the state-owned large and medium-sized ones, are the central links in the reform of the economic structure as a whole. To stabilize and develop the economy, efforts should first be made to stabilize and develop enterprises to enable them to gradually become real and independent commodity producers and dealers that are responsible for their own profits and losses with the ability of self-expansion and regulation. By deepening enterprise reform, an enterprise system which agrees with modern production and management standards will gradually be formed to base the growth of enterprises on the constant improvement of economic performance, thus continuously enhancing the performance and standards of the entire national economy. While enterprise reform is being deepened, relevant coordinated reforms in other fields should also be simultaneously carried out. Expected results can be achieved only when enterprise reform and other supporting reforms coordinate with and promote each other.

Rational economic activities of enterprises are the results of action by internal and external factors. The internal relationship, organization, and system of enterprises should be rational:

1. The question of enterprise equity is the most important factor which directly affects enterprise activities. Enterprise equity refers to ownership and the right of control and use of enterprise assets. The essence of enterprise contracted management responsibility system is that, by undertaking corresponding economic responsibilities of fulfilling relevant economic quotas and tasks to the country, enterprises can attain the relatively independent right to control and use enterprise assets. Enterprise equity is in a state of separation in a contracted form. Implementing various systems, such as the system of public bidding, the system under which all personnel take on the responsibility for the risks arising

from contracts, using their own money as mortgages, and the trial implementation of the system of separate fund accounts is aimed primarily at resolving the problem of exercising more satisfactorily the right to control and use enterprise assets. In addition, we should also continue to actively and reliably do a good job in experimenting with the joint-stock system with public ownership as the main body, which is also a useful probe into the field of enterprise equity. On the issue of ensuring the rational use and effective accumulation of enterprise equity, we still need to continuously study and enrich various new methods.

2. The system of enterprise leadership must be effective enough to fully ensure decision-making efficiency in the process of production and management. The system under which the factory director (manager) assumes full responsibility emerges during the course of modern economic development, the effectiveness of which has already been proved by history. Basically, the internal organizational structure of modern enterprises is established with this system as its core. From 1984 until now, over 90 percent of state-owned industrial and commercial enterprises in the country have implemented the factory director (manager) responsibility system and most of the factories have carried out, at the same time, the system under which a factory director is responsible for fulfilling some set quotas during his terms of office and the system of auditing at the end of an office term. Of course, this leadership system has not been implemented for a long time and is still imperfect. More effective methods should be strengthened and enriched in some aspects, such as strengthening ideological and political work and democratic management in enterprises. The system of the factory director assuming full responsibility should be continued and perfected.

3. Further efforts should be made to reform and perfect some systems in enterprises, such as personnel and wage systems, and implement the principle of distribution according to work and appointing people based on their merits. The establishment and perfection of various internal systems of enterprises are important conditions for smoothly carrying out various economic flows and continuously increasing the production and management efficiency of enterprises. Over the past 10 years, we have, in light of the characteristics of various enterprises, gradually implemented many kinds of employment systems, broken "the system of everybody eating from the same big pot," and reformed the system of permanent employment. The methods of inviting applications, of appointment or election have been introduced in personnel management to strengthen personnel management in enterprises. Measures to link the total payroll of enterprise employees with economic performance have been adopted. By 1988, 50 percent of state-owned enterprises and 60 percent of large and medium-sized enterprises had implemented various method of linking wages with performance. At the same time, more and more enterprises have, according to the authority they possess

in wage distribution, adopted numerous wage distribution methods, such as post, structural, floating, and piece wages.

[Text] 4. In order to promote the rational disposition of resources and economic restructuring, vigorous efforts should be made to promote the improvement and readjustment of enterprises' economies of scale and performance and develop lateral association of enterprises and enterprise groups. By the end of 1988, there were 1,630 enterprise groups throughout the country, and 2,856 enterprises annexed 3,424 enterprises in 1988. There are new trends in business association: First, the association of production technologies is developing toward the association of funds and management; second, the association with production and manufacture as the main content is developing toward the association of product development and sale; third, enterprises join hands in entering international markets and develop multinational operations; and fourth, the internal management system of enterprises is shifting from a factory system to a corporate system. Therefore, it is promising to develop enterprise groups, particularly given the current sluggish market and irrational structure. A significant issue is how to do a good job in enterprise annexation, develop enterprise association, and optimize enterprise organizational structure, product mix, and industrial structure.

While deepening the internal reform of enterprises, relevant supporting reforms of the external environment should also be carried out.

First, measures should be adopted on prices. Price reform should be carried out prudently on the condition the general price level will not be affected. Whether or not price control over those products which have enjoyed a balance between supply and demand can be relaxed is also a viable question for discussion. Loosening control over or readjusting the prices of some products under a sluggish market will not necessarily lead to a rise in the general price level, so there will not be a great risk. With the impetus of the commodity economic relations and law of value, enterprises must react based on prices. Given the existence of numerous prices, the production and operation of enterprises are arranged, to a great extent, according to actual prices. Therefore, when the state develops pricing and relevant policies, the closer they are to actual price, the more effective they can be in regulating the operations of enterprises, and the country's plans and expectations can thus be better realized. Irrational price link-up will, first, make it difficult to improve the disposition of production factors and resources; second, cause a structural surplus or shortage in total social supply; and third, lead to the lack of an objective standard to measure production and operation performance among enterprises, trades, and departments. Price reform should be continuously carried out systematically and prudently. At present, attention should be paid to strengthening price control and stabilizing the domestic market.

Second, reforms on finance and taxation should be continuously deepened and perfected. The distribution relations between the central authorities and localities and between the state and enterprises should remain stable, and attention should be paid to bring into play the initiative of many sides, such as the state, localities, and enterprises. Moreover, the question of how to gradually reduce subsidies is also a major problem which needs some study. Taxation should be reasonably levied on the one hand, and strictly collected on the other. When levying new taxes or raising tax rates, consideration should be given to a possible rise in actual prices and expenditures and to an increase in financial deficits and subsidies. In determining tax items and tax rates, and designing the ratio of profits to be handed over to the state and to be retained by enterprises, the focus of attention should be placed on how to restrain inflated demand and improve economic structure at the macro level, and encourage localities, departments, and enterprises to improve economic performance at the micro level.

Third, as to the question of how the central bank should strengthen its macroeconomic regulation and control capability in terms of money policy, the money policy should be brought into better play and the policy of financial system should be continuously carried out. By readjusting cashflow direction and credit structure and applying the interest rate lever, we can regulate total social demand and supply, support and encourage enterprises which are in line with the development direction of the industrial policy, and restrain the development of those plagued by high consumption, great waste, poor performance, and low quality.

Fourth, reforms in many fields, such as planning, investment, material, foreign trade, and social security structures, should be carried out in depth. Success in raising economic performance and rationalizing economic conduct through deepening the internal reform in enterprises will provide larger room for pushing forward other supporting reform measures. Failure to deepen enterprise reform will not bring about relatively ideal economic performance, and other reforms will also slow down under the huge pressure of a continuously rising price level and an increasingly insufficient financial capacity. Given that various systems have not yet been straightened out and the economic structure, price structures, and so on are still twisted, it is difficult for enterprises to survive only by relying on their own efforts to tap production potential, carry out technical transformation, reinforce management, and deepen reform. Therefore, greater efforts should be made to carry out reforms in various fields, such as price, finance, monetary affairs, taxation, and investment, in a steady and planned way. Only by correctly handling the relationship between enterprise reform and other supporting reforms, and promoting structural readjustment can the national economy maintain a sustained, stable, and coordinated development on the basis of constantly improving economic performance.

Pickup of Production in Rural Enterprises

HK0709050790 Beijing NONGMIN RIBAO in Chinese
30 Jul 90 p 1

[Report by correspondent Zhao Xiaohua (6392 1420 5478): "Production of Township and Town Enterprises Picks Up in First Half of This Year"]

[Text] An official in charge of the Township and Town Enterprises Department of the Ministry of Agriculture revealed to this reporter the other day: In the first half of this year, township and town enterprises were on the ascent. Their gross output value in this period is expected to reach 385 billion yuan (in the context of unchanged prices), up 7.3 percent over the same period last year. The industrial output value will register 270 billion yuan, 6.7 percent higher than in the same period last year.

The steadily quickening pace of development of township and town enterprises, whose total output value took 28.1 percent of the gross national industrial output value last year, has been a strong prop for the overall economic improvement. The survey by the State Statistics Bureau shows: The gross national industrial output value in the first half of this year was 925.4 billion yuan, an increase of 2.2 percent over the same period last year. Though the growth rates of the total output value and industrial output value of township and town enterprises during this period dropped by 15.7 and 19.8 percentage points respectively over the same period last year, reaching a record low, they are nevertheless an indication of considerable improvement if viewed against the broad economic background.

The development of township and town enterprises in the first half of this year is characterized by the following features:

- The production, which had been growing at a low rate, started to pick up month after month. The industrial production of township and town enterprises plunged to rock bottom in January, the growth rate of output value being merely 1.2 percent. Starting from February, the aggregate growth of their industrial output value picked up month after month. The growth rate was 4.1 percent in February, 4.9 percent in March, 5.3 percent in April, 6.2 percent in May, and 6.7 percent in June.
- Foreign-trade-oriented production and tertiary industry gained rapid development. The export delivery in the first half of this year is expected to reach 22.8 billion yuan, 44.6 percent higher than in the same period last year and exceeding the 20-percent growth rate required by the state plan. The output value of township and town tertiary industry in the first half of the year may register 71 billion yuan, an increase of 10.8 percent over the same period last year.
- The increase in tax overtook that in output value, thus reducing the economic benefit that enterprises could obtain. The tax handed over to the state in the first

half of this year is estimated to be an 8.5-percent increase over the same period last year, higher than the growth rate of output value by 1.2 percentage points. However, the net profit is expected to drop by 5.9 percent compared with the same period last year.

- Through readjustment, the quality of enterprises was upgraded and their scale expanded, but their capacity for absorbing surplus rural labor decreased. Because some enterprises had closed down, suspended their production, merged with other ones, or changed their line of production, the previously scattered key production elements flowed to the mainstay rural enterprises and went through optimal recombination. Therefore, the organizational structure of enterprises was optimized and their scale expanded. Among some key trades and superior products, the tendency of grouping started to show, which greatly enhanced labor productivity. Meanwhile, the amount of surplus rural labor they could absorb was shrinking.

At present, township and town enterprises are still facing many difficulties, which mainly include: Production funds are in serious shortage; the benefit that enterprises can get is thinning; some organizations are in horrendous arrears in paying for the goods delivered by township and town enterprises, causing slow circulation of funds; and the burden on enterprises is increasing instead of decreasing. According to what the situation in various provinces shows and the analysis on the picture of production in the first half of this year, a pickup in production in the second half of this year can still be expected but it is going to be very difficult. The gross output value of township and town enterprises throughout the year is expected to reach 820 billion yuan, up 10 percent; of which their industrial output value will be 570 billion yuan, up nine percent, and the value of export products increase by around 30 percent (to reach \$13 billion). But these figures are still way behind the state-required 15-percent growth in the gross output value, and 10-percent growth in the township and town industry.

Market Recovery Requires 'Start Up' Policy

HK0609051590 Beijing JINGJI GUANLI in Chinese
No 7, 5 Jul 90, pp 11-12.

[Article by Zhu Liang (2612 0081), edited by Li Qichang (0491 0366 2490): "To start up the market, we must first 'start up' the policy"]

[Text] Since the enforcement of the guideline on improvement, rectification, and deepening the reform, the national economy has continued to develop in a good direction. The serious over-heating of the economy and currency inflation has been rectified, agriculture has begun to recover, industrial production has risen, commodity prices have been basically stabilized, and savings have increased greatly in volume. However, certain new conditions and problems have appeared such as sluggishness of the market, stockpiling of finished products, financial stringency of the localities and enterprises, and

so forth. Speaking from the current state of affairs, in order to get the national economy get out of the dilemma, the writer believes, it will be necessary to start up the market; in starting up the market we must "start up" the policy. The state should, in the macroeconomic general policy, adopt corresponding measures against the sluggishness of the market, that is, on the precondition of firmly insisting on improvement, rectification, and the "double stringency" guideline, appropriately loosen the extent of the macroeconomic control and make the economy maintain a rational development speed. To start up the market, we must "start up" the policy in the following aspects:

I. Appropriately Loosen Restrictions on Purchases By Social Groups

Consumption at the present stage principally consists of consumption by groups and by individuals, that by groups occupies by far the greater portion in consumption as a whole. Group purchases, particularly group purchasing of the necessary consumer goods for people's living, exerts a definite pounding on the market. If it is not restricted, it will easily cause a shortage of commodities on the market and a rise in commodity prices. Hence, it is necessary to control the purchasing power of groups. But to handle the relations between group purchasing power and planned production, it is necessary to formulate the purchasing plan of the groups. If, on the one hand, we wish the enterprises to maintain a definite growth rate and fulfill the prefixed production plan, and on the other hand, control the sale and consumption of the products turned out according to the planned production, then the more the enterprises increase their production the more products will be accumulated and stock-piled; the inevitable tendency will be the typing up of the market. And even if more funds are expended in the starting up, while sales and marketing are not developed, this will only cause the stockpiling of finished products and an over-large amount of capital funds sunk into them.

Hence, in order to start up the market, we must loosen the restrictions on purchases made by social groups: 1. Reclassification of the categories of commodities originally subjected to restricted purchase and appropriate reduction of the scope and varieties of commodities under special restriction. 2. Loosening of the restriction on group purchases of the necessities for production work and commodities not having an important bearing on the masses. For example, we may appropriately loosen the restriction on purchases made by enterprises and business units capable of making self-receipts and self-disbursements of transportation tools and appliances such as motor vehicles, motor-cycles, and so forth; communication tools like facsimile machine, walkie-talkies, and so forth; and modern office equipment such as photocopies. As for other administrative units buying commodities under special control, so long as the source of their purchase funds is legal they may have the appropriate leeway to do so. Similarly, purchase restrictions may be loosened in the case of units in the catering,

service, and tourist trades buying and renewing commodities for their business use, and when articles for scientific research and education are to be purchased. At the same time, surcharges on the purchases of certain commodities under special control should be abolished. Regarding group consumption, we should adopt the guideline of "five loosening and five strictness." That is, a slight loosening when the enterprise has to bear the expense and being more strict when finance has to bear the cost; slight loosening when involving goods suffering from stagnant sales and being more strict when commodities with brisk sales are involved; loosening in the case of goods for production use and being more strict on goods for livelihood use; loosening a little when enterprises are concerned, but being more strict when applied to organizations and business units; and loosening a little on rural township enterprises and tightening a little concerning state-run enterprises. Furthermore, following production development and the rise in commodity prices, the state should revise and appropriately readjust the expense standards formerly fixed on the low-value and easily consumable goods of enterprises so that the enterprise may, according to needs, buy the goods for production use.

II. Appropriately Expand the Calibre of Scale of Capital Construction.

Since the improvement and rectification, the situation of the over-large scale of capital construction has been rectified, but various kinds of anticipated problems have appeared such as stagnation of the market for means of production; depression in the output of the machine-building and building materials industries; an increasing number of idle construction workers; increase in idle and surplus labor force in the rural areas, and so forth. To solve these problems, we must start up the market and open up the calibre and scale in capital construction because by so doing it will be possible to enliven a large portion of business; make the market for means of production turn from sluggishness to briskness; lead the development of the machine-building and building materials industries; and find a solution to the problem of there being many idle construction workers and surplus labor force in the rural areas. At the same time, society's purchasing power of commodities can also be increased.

The writer believes that simultaneous to execution of the slanting policy in regard to major construction projects, we must attend to the following: 1. Open the grounds for dealings in commercial housing, increase the investments in the building of commercial housing of medium and low-grade prices, push the piloting points in reform of the residence and housing system, lower the construction price and selling price of residences, and encourage the residents to buy. 2. Open up the grounds for technical transformation, give priority arrangements to those technical transformation projects which take a short period of time, are cheap, and fast, and which are in conformity with the state's industrial policy, are beneficial to readjustment of the industrial structure and structure of the

products, and serve the purpose of creating foreign exchange earnings and replacement of imported products. We must make priority arrangements for, and develop those new technological projects which have strong stamina, continue to push the policy of more repayment of loans and more loans, enforce a special priority policy to provide support to the minority of enterprises, financial organs and banks which have heavy transformation tasks, and permit the use of readjusted foreign exchange to repay foreign exchange loans for technical transformation. 3. We must open up the grounds for house building in the rural areas. Previously, we lowered house-building in the rural areas in order to attract the peasants to normal consumption and this has achieved obvious results. But this was not tantamount to forbidding the peasants from building houses. As a matter of fact, regarding housing construction on the part of the peasants and given that they must go through the necessary procedures of application and approval, and compliance with the regulations governing the use of land, we should not impose too many strict restrictions. 4. We must open up the grounds for municipal building, integrate the work with the rebuilding of the old city areas, attend to the building of basic facilities in cities and towns in separate periods and batches, and enhance the functions of modern cities and towns.

III. Appropriately Loosen the Money Market

In the course of the improvement and rectification, the policy of tightening the money market has achieved definite results and has effected an adequate control over the scale of credits and loans. However, the operations were a little too rigid, too sudden, and too fast, while tightening of the market was a little over-done, and lacked exact timing and was not to the extent preferred. For example, in 1989, the scale of the credits and loans in the whole country amounted to over 180 billion yuan, two-thirds of which were transacted in the fourth quarter. There was thus a great mis-adjustment between the early and subsequent periods, and the money market was tight at first but loosened afterwards. In the writer's opinion, in order to start up the market we must timely, and to an appropriate extent, move and loosen the money market. We may proceed in the following five directions:

First, fix a flexible policy on interest rate, appropriately lower the interest rate on savings deposits and loans, make a portion of the returned flow of credits turn to the returned flow of currency of a commercial character so as to lead the residents to rational consumption. The power of fixing the movement of the interest rate should be unified under the city bank directly subordinate to the province, and any income from addition to the rate should be entered into, and controlled by, a specified special account. At the same time, discounts should be given to essential commodities, and the differential interest rate in the purchase of industrial products should be appropriately expanded, particularly in the case of the differential rate between wholesale and retail sale of certain minor commodities. We must do the

utmost to solve the problem of the differential rate currently being of the 1950's, expenses being of the 1990's, and the lack of enthusiasm on the part of the operational departments. As for the portion of products which temporarily suffer from stagnant sales but will be marketable in the future, they should be purchased by the commercial and materials departments in order to reduce stockpiling by the enterprises, and to display the functions of commerce serving as the major channel and as a "reservoir."

Second, increase the input of loans. It is necessary to make full, flexible, and good use of credit and loan funds within the scope of credits and loans. Loosen the control over finance and currency. In the division of work specialized banks cannot have their functions confined to any one locality. On the contrary, the various financial organs should intersect their loan granting functions, or organize financial or loan syndicates. Various banks can realize the existing scale of credits and loans through the vertical and lateral merging of funds. To ease the difficulty of funding on the part of enterprises, it seems that in performing the work of issuance of funds-merging certificates among the enterprises, the originally stipulated restriction on the highest interest rate for funds-merging certificates should be suitably loosened.

Third, we must adequately readjust the slanting policy on credits and loans when granting production circulating funds. In the fourth quarter of 1989, the state paid out several tens of billion yuan in credit and loan funds to be slanted to large and medium-sized backbone enterprises for use as circulating funds, but the anticipated results were not attained. This was because under the conditions of the upper, middle and lower levels of enterprises and the whole people, and collectives and even individually-run enterprises having not yet started up, the slanting loans of production funds to the large and medium-sized backbone enterprises could only form more stockpiling of finished products or add to the occupation of funds on the part of the large and medium-sized backbone enterprises. Hence, the credit and loan slanting policy when applied to production circulating funds cannot, in an all-round way, be slanted toward the large and medium-sized backbone enterprises. It should be suitably readjusted and perhaps shifted to taking as a basis, whether or not the commodity channel is smooth and the fast or slow degree of the circulation of funds, thus using the starting up funds well, and in a flexible manner.

Fourth, start up the medium-sized and small enterprises. In our country, the existing number of medium-sized and small enterprises is 99.84 percent of the total number of industrial enterprises. Their gross output value occupies 69.2 percent of the total industrial output value, their profits and taxes delivered to the state are 57.55 percent of the whole, and the number of people they employ is 88.78 percent of the whole. The medium-sized and small enterprises occupy an important position in the national economy. If they are invigorated, then the whole industry is invigorated. Thus, we must enliven the

large and medium-sized enterprises and also start up the medium-sized and small enterprises; we must protect and ensure loans to the large and medium-sized enterprises, and must also ease the stringent condition of circulating funds of the medium-sized and small enterprises.

IV. Moderate Readjustment of the Prices of a Portion of the Products

Under the prerequisite of maintaining a relative stability in the prices of the daily necessities of life and based on the state's industrial policy, and state of market demand, we must "start up" the policy of commodity prices; and, within the power limit of examination and approval, adequately readjust the prices of a portion of the commodities. This is not only beneficial to reducing the state's burden and also to production development, but also helps in starting up the market. (1) Regarding durable consumer goods which command high prices, affect the expansion of sales, and have been in a state of stagnant sales and stock-piling for a relatively long period, such as color television sets, refrigerators, bicycles and so forth, they should be allowed to reduce their sales prices. (2) Regarding a small number of commodities the prices of which tend to be on the low side and hence affect production and market supply, their prices should be adequately raised. (3) Regarding minor commodities which currently are suffering from serious losses and their prices tend to the low side, we must further loosen and de-control their prices and find ways to push enterprise production and operation. (4) Regarding the prices of certain commodities which have irrational differential rates between the localities, the necessary readjustment should be made. (5) Under the precondition of having regard of the ability to bear on the part of state finance and the populace, we must readjust the irrational comparative prices between the industrial and agricultural products, and also readjust the irrational comparative prices of the upper and lower grades of products.

Summing up the above, to start up the market we must appropriately, to a suitable degree, promptly, and moderately, "start up" certain policies. But in "starting up" the policies, we must consider the continuity of the policies, we must, on the one hand, avoid big rises and falls, prevent the renewed over-heating of the economy, and thus a return to the old road; and, on the other hand, avoid "starting up" only a certain policy, making a single breakthrough, and thus generating the effects of an "isolated island." "Starting up" the policy is not tantamount to changing the guideline of improvement and rectification, but is meant to carry out improvement and rectification better and to enable the national economy to develop normally.

Gulf Crisis May Spur Oil Exports

HK0609024990 Hong Kong HONGKONG STANDARD
in English 6 Sep 90 p 10

[By Alan Nip]

[Text] China is likely to increase petroleum exports to help make up shortfalls caused by the Gulf crisis, a Hong Kong specialist on China said yesterday.

Dr Larry Chow, a senior lecturer in China Studies at the Baptist College made the remarks to THE HONGKONG STANDARD, but refused to speculate on how big the increase would be.

In a paper presented to the seminar—China and Hong Kong at a Crossroad, Prospects for the 21st Century—Dr Chow said China would probably continue to export oil at a level of more than 30 million tonnes a year, apparently without taking the Gulf crisis into account.

In the paper Dr Chow said: "Stemming from the critical need for foreign exchange to finance the Four Modernisations programme, and the ability of the government to squeeze domestic oil consumption, it can be safely projected that China would continue to export a fair amount of oil in the 1990s."

China has announced that it had not increased exports and had simply "re-adjusted" its petroleum supplies among regular customers in order to export more to the United States and Japan.

Analysts said the move aimed at luring the two most important industrial nations to completely lift sanctions imposed in the wake of China's crackdown of the pro-democracy movement in June last year.

The U.S. has agreed to maintain China's most favoured nation trade status and Japan has taken the lead in resuming loans to China.

Dr Chow said China had become a force to be reckoned with in the world oil market and its export policy would have an impact on prices, at least in the Asian market.

He did not say what the possible impact on the international market would be if China increased its oil exports.

According to Dr Chow, the soaring world price after the oil crisis of 1979-80, and China's growing exports, oil made up an average of 22 percent of China's exports between 1979-85.

Oil is now the country's largest export item surpassing textiles and related products, he said.

Dr Chow said China had successfully diversified its export market for oil in the 1980s, which had contributed to increasing exports even in times of world glut.

China exported about one quarter of its oil production despite serious oil shortages at home.

However, Dr Chow said Beijing was able to effectively control domestic oil consumption through strict rationing and pricing mechanisms.

He said that the existing markets for Chinese oil, Japan, and the U.S., Singapore and Brazil, would continue to be its major markets in the 1990s because:

- Japan and the U.S. are two of China's largest trading partners and both enjoy huge trade surpluses, therefore China would push them to import more oil to reduce the imbalance.
- Singapore has signed direct processing deals with China and were likely to continue as they are beneficial to both.
- The Brazilian oil connection is partly of a counter-trade nature and both countries seemed to be happy with the arrangement.

New Oilfields To Increase Offshore Production

HK0609024590 Hong Kong HONGKONG STANDARD
in English 6 Sep 90 p 10

[By Fan Cheuk-wan]

[Text] China's oil production from its offshore fields is expected to increase eightfold by 1995 as a number of large fields in the South China Sea start production.

The Huizhou 21-1 oilfield, with crude oil reserves estimated at 16.66 million tonnes, occupying 2.08 billion cubic metres, is due to start production in two weeks.

It would be the first commercial offshore oilfield in China with an annual production of more than one million tonnes.

Another large offshore field, the Huizhou 26-1, which is estimated to have richer reserves than the Huizhou 21-1, is expected to start production by September next year.

Chinese officials in charge of offshore oilfields expect exploration and production to be stepped up further in response to the Gulf crisis.

Luo Yiyong, foreign liaison spokesman for South China Sea (East) Petroleum Corporation, said yesterday that many foreign oil companies had resumed their interest in exploring the South China Sea in wake of the Middle East crisis.

"In response to the drastic rise of global oil prices, many foreign oil companies have reconsidered their previous plans to undertake oil explorations in the South China Sea," he said.

Mr Luo said Esso Exploration China Limited and British Petroleum had expressed an interest in changing previous explorations plans in light of the Gulf crisis.

"The schedule of our oil exploration work in the South China Sea may be speeded up in response to the greater oil demands from the Western countries," he said.

Mr Luo said his firm's parent company, the China National Offshore Oil Corporation, had attempted to attract more foreign investors to join oil exploration ventures.

Tang Peiji, chief representative of the China National Offshore Oil Corporation in Hong Kong, said China's

offshore production would be increased eight times during the Eighth Five-Year Plan (1991 to 1995) as a result of China's 10-year oil exploration programme with foreign companies.

"In the next five years, at least one new offshore oilfield will start production each year," he said.

Mr Tang estimated offshore oil production would hit two million tonnes next year and five million in 1992.

He said the four existing oilfields were only expected to have a combined production of one million tonnes this year, whereas the Huizhou 21-1 oilfield alone had an annual capacity of over one million tonnes. The four existing offshore oilfields are the Bohai Chengbei oilfield, Bozhong 28-1 oilfield, Bozhong 34-2-2/4 oilfield and Weizhou 10-3 oilfield.

China's total national oil output reached more than 130 million tonnes and oil export were about 20 million tonnes last year.

Offshore production currently accounts for less than 1 percent of national output.

Mr Tang said the Huizhou 21-1 oilfield would double that figure next year.

The oilfield, which is located at about 200 kilometres southeast of the Pearl River estuary, would produce crude oil for export, although Chinese companies could buy its oil at international market prices.

"The annual offshore oil output of the country is expected to hit eight million tonnes by 1995," he said.

Mr Tang said the Gulf crisis would prompt more foreign oil companies to resume their interest in oil exploration in China.

"There are many other rich oil reserves along the eastern coast of China but the existing scale of the exploratory work is still too limited," he said.

"The success rate of our offshore oil exploration work is very high, an average of 33 percent," he said.

Zhao Rongfa, director of the general manager's office of the South China Sea (East) Petroleum Corporation, said the Huizhou 21-1, was expected to start production next autumn.

Mr Zhao said exploration work on the two oilfields was undertaken by the South China Sea (East) Petroleum Corporation and the ACT Consortium.

China and the ACT Consortium, which comprises an Italian and two American firms, planned to invest US\$240 million (HK\$1.8 billion) in the whole exploratory project, while the Chinese side owned 51 percent of the share.

1.5 Billion Yuan in Misused Funds Recovered

HK0609023890 Beijing CHINA DAILY in English
6 Sep 90 p 1

[By staff reporter Li Hong]

[Text] The State Auditing Administration (SAA), after an intense fight against economic irregularities during the first half of this year, has recovered another 1.5 billion yuan of misused public funds, CHINA DAILY has learned.

According to SAA official Wang Qian, 978 million yuan of the recovered funds have already been turned over to the state treasury.

The money was recovered following a country-wide investigation by 3,000 auditing agents into 112,700 work units and organizations.

Premier Li Peng has previously called on the country's auditing army of 60,000 to intensify their fight against economic irregularities in an effort to ensure a success of the government's austerity drive.

The auditing administration has become an indispensable part of the nation's macro-economic adjustment and control system, Premier Li said.

The focus of auditing supervision during the past half of this year switched to local finances and state key construction projects, Wang told CHINA DAILY.

The financial revenue and expenditure of 30 of the country's 31 provinces, municipalities and autonomous regions have been subjected to inspection by SAA.

SAA agencies have not only carried out audits, but also put forward proposals to the inspected units for them to improve their financial management.

Envisaging an expanded role for SAA in the coming months, Wang said that its main task would include inspecting misappropriations by central and local government units, and investigating the economic activities of capital construction or agricultural development projects and contracted state-owned enterprises.

Cases of Profiteering, Speculation Drop

OW0509202590 Beijing XINHUA in English
1348 GMT 5 Sep 90

[Text] Beijing, September 5 (XINHUA)—China has investigated and dealt with 179,000 cases of speculation and profiteering in the first half of this year, among which 31,900 were important cases.

Niu Hongrui, a senior official of the State Administration for Industry and Commerce, told a press conference here today that cases of speculation and profiteering had dropped by 53 percent over the same period of last year. However, the revenue obtained in fines and confiscated funds reached 412 million yuan, a slight increase over the same period of last year.

Niu said that these facts show that the policy of rectification is bearing fruit.

He said cases of irregularities committed by state-run enterprises, and party and government organizations dropped by 36.9 percent and 37.6 percent, respectively, over the same period of last year.

The proportion of government officials involved in the important cases came to only nine percent in the first half of this year, while it was 13.3 percent in the same period last year.

The official said cases of reselling of important means of production in the first half of this year also dropped by 26.2 percent over the same period of last year.

Prospects for Autumn Harvest Termed 'Promising'

HK0609010690 Beijing CHINA DAILY in English
6 Sep 90 p 1

[By staff reporter]

[Text] Despite recent adverse weather conditions in many parts of China, "the prospects for this year's autumn harvest still look promising," the Ministry of Agriculture said yesterday.

Since last month, typhoons have hit several coastal provinces in south and east China, while floods and drought continued to threaten extensive areas in southwest and central China, causing widespread anxiety over this year's autumn grain output.

In an interview with CHINA DAILY, however, agricultural officials said that autumn crops are growing well in provinces such as Heilongjiang, Shandong, Hebei, Anhui and Henan, which are major autumn grain producing provinces.

Zhao GHanjie, a ministry official, said he is optimistic about the total output of autumn grain in the country after a bumper harvest of summer grain and early rice.

However, he said, crops in southern provinces hit by typhoons may suffer considerable losses.

Provinces hit by typhoons or tropical storms include Fujian, Zhejiang, Jiangsu, Hainan, Jiangxi and Guangdong.

Late rice in the south still faces dangers of possible cold fronts from the north, which may affect rice crops later this month, Zhao said.

But in the northern provinces, corn, rice, sweet potato and beans are growing well.

Jilin Province, which is one of the country's commercial grain producers, has redeveloped some of its low-yield farmland this year.

The province planted 2.2 million hectares of corn, an increase of 12 percent over last year. Jilin also planted 480,000 hectares of rice, an increase of 18.5 percent over last year.

Although there was a drought in Heilongjiang Province this spring, the provincial government mobilized local people to fight the drought and farmers managed to sow six million hectares of autumn crops.

Hebei Province increased acreage of autumn grain by 3,100 hectares and took measures to increase output.

On the Huaibei plain in Anhui Province, more than 1.6 million hectares of corn, rice, sweet potato and soybeans are growing.

Henan Province produced less summer grain this year compared with last year. To make up for this loss, farmers strengthened management on autumn grain. The result is that the province's 4.4 million hectares of autumn crops are progressing better than last year.

China's summer grain hit a record high of 99.35 million tons this year, an increase of 5.6 million tons over last year.

The country's output of early rice is expected to reach 50.5 million tons, an increase of 2.5 million tons over last year.

The country also produced 6.4 million tons of oil seeds this summer, an increase of 1.1 million tons over last

year. Autumn grain constitutes about 60 percent of the total grain output in the country.

Autumn Crops Thrive After Record Summer Harvest

OW0709083090 Beijing XINHUA in English
0813 GMT 7 Sep 90

["This is the 107th in the series, 'Knowledge About China,' which began April 16"—XINHUA editor's note]

[Text] Beijing, September 7 (XINHUA)— The autumn crops in China are doing well now in most parts of China after this year's summer grain output hit a record high of 98 million tons, an official from the Ministry of Agriculture said today.

He said China is expected to reap another bumper harvest this year if there is no major natural disaster in the coming one or two months.

As a major agricultural country, China is feeding 22 percent of the world's population with only seven percent of the world's arable land, producing primarily rice, wheat, maize and many kinds of beans.

China is also one of the largest rice producers in the world, growing 44 million hectares of rice every year, about one-third of the country's total grain-growing areas.

In 1989, China produced 407.45 million tons of grain, or 3.4 percent more than 1988, thanks to the measures of expanding grain-growing areas and increasing input in grain production.

East Region

Jiangsu Governor on Enhancing Trade Unions' Role

OW0609234290 Nanjing XINHUA RIBAO in Chinese
26 Aug 90 p 1

[By Lu Xiaowei (7120 1420 0251)]

[Text] The provincial government yesterday held a meeting for the provincial trade union council and the relevant provincial departments to discuss ways to further implement the guidelines of the CPC Central Committee on strengthening and improving party leadership over trade union work, the "Decision on Strengthening the Ties Between the Party and the People," adopted by the Sixth Plenary Session of the CPC 13th Central Committee, and the guidelines of the relevant documents issued by the provincial party committee. Speaking at the meeting, Chen Huanyou, provincial governor, emphasized the importance of strengthening the government's ties with the working class and the masses, enabling the trade unions to fully play their roles in democratic participation in, and supervision over, the management of state and social affairs.

For the past few years, the governments at various levels and the relevant departments in our province have paid more attention to the views of trade unions. When formulating principles and policies involving the interests of the workers, they have listened to the opinions and demands of the working masses through trade unions. This has helped governments in making decisions and policies more in conformity to the interests of the working class and thus earned their appreciation and support.

Chen Huanyou told the meeting that the working class is the leading class in China. Trade unions are the mass organizations of the working class led by the party. They serve as the bridge and link between the party and the masses as well as the main pillars of the state power. Strengthening the ties between the government and the trade unions is an important measure initiated by the party Central Committee to establish close relations with the people. It is currently an important task for party organizations and governments at various levels in the province. It bears great immediate significance to promoting democratic and scientific approaches in government work; arousing the enthusiasm of the working masses; preserving social stability; and promoting reform, opening to the outside world, economic construction, as well as development in all fields of work throughout the province.

Governor Chen pointed out that, in an effort to forge closer ties between the government and the trade unions, trade unions should further exercise democratic supervision over the government. The people's governments of the province and the cities directly under its jurisdiction may hold discussion meetings or joint sessions with trade unions at their levels on a regular or casual basis to relay certain government policies, regulations, and

important arrangements; study and solve the real difficulties and problems of the working masses as reflected by the trade unions; and constantly attend to the trade unions' views and proposals on improvement of government work. In studying problems involving the interests of the workers, governments at various levels should consult union organizations at their corresponding levels and seriously consider their views and demands. Special organizations set up by governments and their relevant departments on matters concerning wages, commodity prices, and housing, which have direct bearing on workers' personal interests, should invite representatives of trade unions at their corresponding levels as their official members. Trade unions should also promptly reflect the views and demands of the workers and earnestly support and assist the government in improving its work.

Ji Yunshi, vice governor, presided over and spoke at the meeting.

Jiang Chunyun Speaks at Party School

SK0709024290 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 4 Sep 90

[Text] On the morning of 4 September, Jiang Chunyun, secretary of the Shandong provincial party committee and president of the party school of the provincial party committee, stressed at the 1990 autumn semester opening ceremony of the party school of the provincial party committee that leading cadres at all levels should have the attainment of Marxist theory because this is the first requirement which they should have and that leading cadres must consider the study and a grip on Marxism as their task of prime importance. Jiang Chunyun said: Since the fourth plenary session of the 13th party Central Committee, the party Central Committee has given overall consideration to the international situations of the five continents, looked quietly at the future and destiny of China, and stressed repeatedly that leading cadres at all levels must strengthen the study of basic Marxist theories. Under the guidance of Marxism, we should study and explore the major political, economic, and social theoretical problems of the present age. He stressed that efforts should be made to guarantee that leading bodies at and above the county level are formed by persons who are truly loyal to Marxism and that thousands upon thousands of true Marxists will be cultivated. He stressed that it is necessary to consider the attainment of Marxist theory as the first requirement of a revolutionary cadre, and as one of the important criteria for selecting and appointing cadres. The reason why the party Central Committee repeatedly stressed the importance of the attainment of Marxist theory by cadres at all levels is that our socialist modernization drive and the reform and opening up undertakings must proceed under the guidance of Marxism. If our comrades fail to understand, study, and adhere to Marxism, and if the leadership authority is sought by persons who oppose Marxism, our political power will change color and our socialist cause will be led astray.

Comrade Jiang Chunyun expounded on this issue from five aspects.

1. Only by attaining Marxist theory can we have a firm Marxist conviction and communist ideal.

Jiang Chunyun said: The reason why our Communist Party members have considered Socialism and communism as their ideal and conviction and have dedicated themselves unswervingly to their realization is because they are based on the Marxist scientific theories. We should recognize that the establishment and development of any new social systems are never plain sailing. They must undergo a long process of development marked by difficulties and setbacks. However, no matter how many complications communism encounters in the course of its development, they are only a temporary whirlpool and an adverse current in the long river of history. Its ending will be a final victory and this will not be changed. Any persons who are puzzled by the transient, temporarily vigorous, fleeting capitalist clouds or are disheartened by some temporary setbacks in the advance of socialism and, because of that, any persons who have wavered their conviction that socialism will lead to final victory, then, they are not true Marxists.

2. Only by possessing Marxist theory can we correctly implement the party's basic line.

Jiang Chunyun said: Our party's basic line is formulated in line with the Marxist basic theories on building socialism. In the party's basic line, economic construction is the focus, the four cardinal principles are the foundation for building the country, and reform and opening up is the road leading the country to prosperity. These three are a dialectical, united whole. Only by fully understanding and implementing the basic line of one focus and two basic points can we comprehensively build socialism with Chinese characteristics. Reviewing our miscalculations in the course of implementing the party's basic line and all principles and policies during the past few years, we recognize that all of them were caused by our failure to have strong Marxist theoretical base, and our being overanxious for quick results in economic construction, of ideologically and culturally exceeding the proper limits in righting a wrong, and of stressing the dominant aspect of one thing at the expense of other aspects. This shows that we must correctly implement the party's line, principles, and policies and raise our grasp of Marxist theory.

3. Only by attaining Marxist theory can we guarantee correct and scientific policymaking.

Jiang Chunyun said: Marxism is the most scientific and perfect world outlook and methodology of mankind so far. It is a great means of understanding. In our party history, all correct policy decisions are the result of integrating the specific practice of Chinese revolution and construction under the guidance of Marxism. On the contrary, all miscalculations in strategies and tactics by our party are the result of deviating from Marxism. Facts showed us that the ability for policymaking of leading

cadres, whether high or low, is in direct ratio to the degree of their understanding of Marxist theories. Only by having a fairly high understanding of Marxist theories can they have a keen sense of smell and insight and correct judgement, thus helping them strengthen their sense of principle, systems, foresight, and creativity and enhance their leadership level and ability to implement policies.

4. Only by grasping Marxist theory can we have a good grip and make good use of our power for the sake of the people.

Jiang Chunyun noted: Our party is a ruling party. Leading cadres at all levels have a grip of certain power. We should persist in the purpose of wholeheartedly serving the people and should have a good grip and make good use of our power for the sake of the people. We must conscientiously study Marxist theories on mass viewpoint, mass line, and the building of the ruling party, consciously handle the relationship between a master and a public servant, between power and obligations, between bearing responsibility to the higher level and to the people, and between partial interests and the interests of the whole.

5. Only by achieving Marxist theoretical attainment can we realistically foster a proletarian world outlook.

Jiang Chunyun said: As far as all persons are concerned, the issue of world outlook is a crucial and fundamental issue. Our Communist Party persons are proletarian vanguard fighters. Naturally, they should foster a proletarian world outlook. The Marxist scientific theory is precisely the theoretical basis of the proletarian world outlook.

Jiang Chunyun stressed: Proletarian world outlook is not formed spontaneously. It comes from our study, practice, and long-term hard work. First, we should conscientiously study and dig into the works of Marx, Engels, Lenin, and Mao Zedong, earnestly study the theses of Deng Xiaoping and revolutionaries of the older generation, completely and accurately grasp the Marxist world outlook and methodology, and foster a proletarian stand, viewpoint, and method. Second, we should study in close connection with the reality of our work and ideology, take Marxism as our guide, eliminate the influence of idealism and metaphysics, and wipe out all waste caused by non-proletarian ideologies through summing up our work and the positive and negative experiences and lessons, and through dissecting our work ideology, words, and deeds. Third, we should focus our work on intensifying party spirit, and set norms to keep our actions strictly within proper bounds in line with the party constitution, the guiding principles for inner party political life, and the decisions put forward by the sixth plenary session of the 13th party Central Committee. When pondering problems and managing things, we must always remember that we are Communist Party members, have courage to conduct criticism and self-criticism and to break with all old traditional concepts,

and realistically train ourselves into outstanding communist fighters with a high degree of communist consciousness, a strong party spirit, and good work style.

Ma Zhongchen, deputy secretary of the provincial party committee; Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor; Zhang Quanjing, member of the Standing Committee of the provincial party committee and secretary of the provincial Discipline Inspection Commission; and Miao Fenglin, Ma Zhongcai, and Tan Fude, members of the Standing Committee of the provincial party committee; and Lin Ping, vice chairman of the provincial People's Congress Standing Committee attended the ceremony to mark the opening of a new school term. (Sun Jingjie, secretary of the party committee of the provincial party school, presided over the opening ceremony.

Deputy Secretary on Opening Shandong Wider

SK0709020190 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 3 Sep 90

[Text] On 3 September, at the provincial work conference on opening to the outside world, Ma Zhongchen, deputy secretary of the provincial party committee, stressed the need to further emancipate our minds and conscientiously promote the province's reform and opening up. Ma Zhongchen pointed out: At the moment, the developing and changing international and domestic situation has imposed a rigorous challenge and provided unprecedented opportunity for the province's economic development and opening up. We should seize this opportunity to open our province to the outside world in an even better and wider manner.

Since the beginning of last year, our province has, in line with the disposition of the central authorities, exerted great efforts in grasping the work of deepening reform and opening to the outside world, and has adopted 21 policies and measures to encourage exports. Leaders of the provincial party committee and the provincial government have led groups to conduct study and investigation in fraternal provinces and municipalities with the view to strengthening the transprovincial associations and cooperation. As a result, a relatively great increase has been made in foreign export trade and utilization of foreign capital, remarkable progress has been made in the construction of developmental zones, and a good trend of vigorous development has emerged in the opening-up situation as a whole.

Comrade Ma Zhongchen pointed out: Because there are still some ideological obstacles of various kinds and because we have not yet fully emancipated our minds, our province's opening up is not great enough in strength and impetus, nor is it strong enough in the concerted efforts; and the pattern of opening all fields to the outside has not yet been established completely. Hence, it looks specially important for the whole province from top to bottom, leaders at all levels in particular, to

further enhance their understanding, emancipate their minds, and seize the current opportunity to make reform and opening up a success.

First, we should further strengthen the concept of competition. At the moment, we are confronted with two kinds of competition, with one from the world and the other from our own country. Developed countries and the four small dragons in Asia are now going all out to readjust their production structures for their own existence and development. The Third World countries are all taking advantage of this favorable circumstance. Within our country, various provinces and municipalities are all vying with one another and trying their best to open themselves to the outside world, thus bringing about a vigorous upsurge in importation from and cooperation with others. If we relax our efforts just a little, we will have the danger of lagging behind others.

Second, we should strengthen the concept of opening all fields to the outside world. In front of competition, suddenly trying to get things done may not become a real advantage, and fighting in isolation cannot withstand the strike of big waves. The whole province from top to bottom and all professions and trades in the province should think of reform, work for reform, and concentrate their energies on reform. In carrying out the reform, the whole province should stage the same performance and play the same chess game. Each and every department should play a role in this performance, and should make a good move in the chess game.

Third, we should strengthen the enterprising concept, smash the trammels of traditional ideas and old structures, create conditions for opening to the outside world, and build new economic structures in the course of continuously opening to the outside world.

Fourth, we should strengthen the concept of service. Leading organs at all levels should change their functions to make reform and opening up proceed steadfastly along the direction of socialism.

At this conference, the provincial government commended the 166 units which scored outstanding achievements in carrying out reform and opening to the outside world in 1989. Present at the conference were provincial leading comrades Zhao Zhihao, Gao Changli, Zhang Quanjing, Miao Fenglin, Tan Fude, Li Yu, Li Chuntung, and Song Fatang. Zhao Yundong, deputy director of the Special Economic Zone Office under the State Council, attended the conference and made a speech.

Central-South Region

Guangdong's Lin Ruo at People's Congress Meeting

HK0609061390 Guangzhou Guangdong Provincial
Service in Mandarin 0400 GMT 4 Sep 90

[Text] The 15th meeting of the seventh provincial People's Congress Standing Committee opened in Guangzhou today [4 September]. Standing Committee

chairman Lin Ruo presided over today's meeting. Provincial planning commission chairman Wang Guiying, mandated by the provincial government, presented at the meeting a report on the development of and implementation of the plan for the Guangdong provincial economy from January to July 1990. It is pointed out in the report that: Since the beginning of this year, our provincial economy has been developing steadily in the course of improvement and rectification. The provincial GNP in the first half of this year increased by 6.4 percent over the same period last year. The economy as a whole is heading for the better. However, no improvement has been shown in the structurally weak market, overstocking of some products, serious losses in enterprises, and reduction of economic benefits. We are still faced with prominent problems.

The report says that we should pay close attention to, and do a good job in the following aspects of work in the second half of the year:

1. We should strengthen agricultural production and strive for a good agricultural harvest for the whole year.
2. We should continue to readjust the structure and enhance economic benefits with great efforts.
3. We should take measures to help market sales grow to an appropriate extent.
4. We should make sure that key construction projects be well carried out.
5. We should actively expand exports and develop the foreign-oriented economy.
6. We should push forward the reform process in a planned way.

Head of provincial department of finance Lin Dengyun was mandated by the provincial government to present at the meeting a report on the implementation of the Guangdong provincial budget for the period from January to July 1990. Lin Dengyun said in his report: The finance and tax departments at various levels in our province, in light of the requirements of the draft budget report for 1990 passed by the third meeting of the seventh provincial People's Congress, have stood up to the grim situation packed with difficulties and big contradictions and exerted all their efforts. As a result, the budget has, generally speaking, been well carried out throughout the province. The aggregate provincial revenue from January to July takes up 64.47 percent of the annual target and, when incomparable factors are considered, is 13.13 percent higher than that in the same period last year. In view of existing problems, the report calls for close attention to the following aspects of work in the coming months. We should:

1. Further carry out the measures for leading a thrifty life and take stricter control of financial expenditure.
2. Promote production and marketing, make efforts to enhance the economic benefits of enterprises, and strengthen the building of financial resources.
3. Spare no efforts to step up arrangement for the collection of revenue in various forms.

4. Continue to rectify the order of distribution and do a good job in inspecting tax and finance.

Inspects Western Guangdong

HK0709073990 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 6 Sep 90

[Text] According to NANFANG RIBAO, from the second half of August to the beginning of September, provincial party committee Secretary Lin Ruo conducted investigation and study down in mountain areas in western Guangdong and attentively listened to briefings made by local party and government officials on work of investigating cases involving cadres abusing power to occupy houses and on economic work, and discussed with them how to adopt concrete measures to start and end the work well.

Lin's tour of western Guangdong covered the four cities of Yangjiang, Maoming, Zhanjiang, and Zhaoqing. During the tour, he laid stress on acquainting himself with the work of investigating cases involving cadres abusing power to occupy houses in some cities and counties. After listening to reports by officials of Yangjiang, Maoming, and Zhanjiang, Lin Ruo pointed out that the three cities have laid a good foundation for the work, but we should not overestimate it. We should see clearly that the struggle against corrosive influence is acute, complicated, and difficult. Viewed from different cities and counties, the development of the work is uneven and the work has yet to start in some counties and some major and important cases have not been thoroughly handled. All this shows that the task of investigating cadres abusing power to occupy houses remains very arduous and we should in no way relax our efforts. Lin Ruo emphatically pointed out that the work as a whole in the province has entered its important stage and leaders at different levels should pay serious attention to the work. At present efforts should be concentrated on investigating and confirming key cases; attention should be given to summing up experience and educating cadres through examples, both positive and negative, in an effort to unite with the great majority and isolate a tiny minority; and relevant cases should be confirmed without delay so that cadres of first and second categories [as heard] can be freed as quickly as possible. Meanwhile, importance must be attached to the work of handling those cadres involved organizationally and economically by applying the policy of leniency toward those who confess their crimes and severity toward those who refuse, economic compensation claimed from them should as much as is reasonable, and all these measures are aimed at educating the vast numbers of cadres.

Inspects Shantou Special Zone

HK0709062790 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 6 Sep 90

[Text] Accompanied by leaders of the departments concerned of Shantou City, provincial party committee

Secretary Lin Ruo, who came to the city to attend the provincial aquatic products work conference, yesterday afternoon inspected the Shantou Special Economic Zone.

He encouraged cadres of the zone to work hard and create conditions to further improve the investment environment so that the special economic zone will develop at a faster pace. Comrade Lin Ruo paid a special visit to an aquatic products breeding ground and the second sea eel and carp fishing ground in the Shantou Special Economic Zone.

After listening to a briefing given by responsible persons of the zone at a discussion meeting, he pointed out: Adhering to the principle of going about things steadily and surely, the Shantou Special Economic Zone has achieved tremendous success, and we should affirm them. However, if it wants to make still greater achievements, it should work out a long-term development plan. Referring to the issue of creating conditions to improve the investment environment, Lin Ruo stressed that the zone should base itself upon local conditions and its own strength for development.

Guangxi's Chen Huiguang Attends Torch Ceremony

HK0509140290 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 4 Sep 90

[Excerpts] Audience, we are now presenting to you this on-the-spot report from the Li Mingrui-Wei Baqun Monument Square in Nanhui Park of our provincial capital Nanning. It is now 0830 on 4 September. The ceremony of relaying the "Light of the Asian Games" torch from Guizhou to Guangxi will take place here today.

Today, Nanhui Park is in its Sunday best and the Asian Games flags are seen everywhere in the park, giving off a strong flavor of the Asian Games. The ceremony is to be held in the square in front of the Bose-Longzhou Uprising Memorial Hall. Banners flying above the site carry slogans of the Asian Games. Hanging high above the rostrum are the national flag of the People's Republic of China, the flag of the Asian Olympic Council, and the flag of the 11th Asian Games. Right in the middle of the ground stands the torch platform carpeted in red and flowers form the Asian Games emblem, giving a more cheerful and convivial touch to the ceremony ground. [passage omitted]

Provincial party Secretary Chen Huiguang has now taken over the flaming "Light of the Asian Games" master torch from the representative of Guizhou Province. Chen Huiguang now holds the torch high above his head and the audience breaks into thunderous cheers. The square-shaped entertaining team and the streamer team begin dancing. Chen Huiguang, still holding high the master torch, ignites the slave torches for a dozen prefectures and cities, a port [name indistinct] and Fakashan. The torch is now being passed around among the region's party, government, and Army leaders. Nanning Mayor Gan Xiangmeng ignites the slave torch for

Nanning, then he passes the torch to Li Ning, Wu Shude, and Yan Weixia, celebrated sportsmen of our region. [passage omitted]

The torch relay procession is now being reviewed by Guangxi party, government, and Army leaders at the Nationality Square of Nanning. Chen Huiguang et al review the procession from the review stand.

Speaks at Forum on CPPCC Work

HK0609112390 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 5 Sep 90

[Excerpt] Aiming at summing up and exchanging experience to create a new situation in work of the region's committees of the Chinese People's Political Consultative Conference [CPPCC], a forum on CPPCC work of the whole region was held in Nanning between 1 and 5 September.

Chen Huiguang, secretary of the regional party committee and chairman of the regional CPPCC; Liu Mingzu, deputy secretary of the regional party committee; and other leaders attended the meeting.

In his speech, Chen Huiguang fully affirmed the important role of the CPPCC in the state political life. He pointed out: The CPC-led multiparty cooperation and political consultation system is a fundamental political system of our country, and the CPPCC is a major organization form of reflecting the system. Since the Third Plenary Session of the 11th CPC Central Committee, CPPCC work has been quickly restored and developed. Now CPPCC committees have been established in 88 cities and counties of our region as well as in the two areas under the jurisdiction of Nanning and Liuzhou cities, with a total of more than 12,000 members. CPPCC committees at different levels and their working personnel, by persisting in the party's one-central-task and two-basic-points basic line, and the united front work principles and policies, and carrying on the CPPCC's fine traditions, have made tremendous and fruitful efforts to unite people of all nationalities and all quarters, maintain stability and unity, push forward reform and opening up and the building of the two civilizations, and promote the implementation of the one-country, two-systems policy and the reunification of the country, and CPPCC committees at different levels have played an ever-increasing role in strengthening political consultation and democratic supervision.

Speaking on the present CPPCC work, Chen Huiguang pointed out that now we should make serious efforts to do a good job of elections for new CPPCC committees at the city, county, and prefectural levels by attaching importance to the quality of candidates for new CPPCC committee members. When arranging and readjusting those members, we should give adequate consideration to those influential and representative figures who adhere to the four cardinal principles, persist in reform and opening up, oppose bourgeois liberalization, have a higher level of ability to participate in government and

political affairs and are relatively remarkable at their posts, and particularly to a certain number of scientific and technological personnel with higher professional ranks and titles and people in economic circles, so as to give full play to their wisdom and creativeness and inspire their enthusiasm in building socialism.

Chen Huiguang also said CPPCC leading cadres at different levels and all working personnel should cherish the sense of pride and responsibility for working for the CPPCC, work hard and diligently, unite as one, and make ceaseless efforts to open up new prospects for CPPCC work. [passage omitted]

Deng Hongxun Speaks at Public Security Meeting

HK0609065690 Haikou Hainan Provincial Service
in Mandarin 2200 GMT 3 Sep 90

[Excerpts] Between 31 August and 3 September, the provincial Public Security Department held a meeting of the province's public security bureau chiefs.

Deng Hongxun, secretary of the provincial party committee; Wei Zefang, a member of the provincial party committee Standing Committee; and Vice Governor Xin Yejiang attended the meeting. Secretary Deng delivered an important speech.

The meeting conveyed the guidelines of the national meeting of public security department and bureau chiefs. The provincial Public Security Department Head, Meng Jimiao, reviewed what had been done and assigned what will be done. [passage omitted]

Secretary Deng Hongxun pointed out in his speech: Carrying on the valiant and indomitable spirit of fearing neither sacrifice nor fatigue and fighting successive battles, this year public security organizations at different levels of the province have spared no effort to maintain stability; and they have made tremendous efforts to prepare for and deal with all eventualities, punish different kinds of criminal activities, and strengthen control and [words indistinct] over public security so as to enable us to safely tide over the [words indistinct] days in April, May, and June last year and ensure the political, economic, and social stability of the province.

Speaking on how to strengthen and improve our public security work in a quicker and better way, build the contingent of public security force into a qualified [words indistinct] to meet the needs of the present special struggle and create a new situation in public security work in the special economic zone, Secretary Deng pointed out: To create a new situation in public security work in the special economic zone, first, we should make certain a guiding ideology—building and protecting the large socialist special economic zone; second, we should concentrate on what is of basic importance—working hard to build a revolutionized, regularized, and militarized people's police force for the special economic zone; third, we should give prominence

to the soul—adopting effective measures to strengthen and improve political work in the public security force. [passage omitted]

Speaks on House-Screening Work

HK0709061390 Haikou Hainan Provincial Service
in Mandarin 2200 GMT 5 Sep 90

[Text] After two days of concentrated study, members of working teams of the provincial group for house screening yesterday converged on the meeting hall of the provincial party committee office and listened to important speeches by provincial party committee Secretary Deng Hongxun and Governor Liu Jianfeng.

Comrade Liu Jianfeng said: After two days of concentrated study, comrades of working teams of the provincial group for house screening will soon be sent to different cities and counties. The provincial party committee requires that every comrade take a serious attitude and carry out the house-screening work through to the end as an effort to improve the party's work style and promote the building of honest and clean government in the province.

After that Secretary Deng Hongxun delivered an important speech. He pointed out: The provincial party committee is resolved to deal with the work of house screening in all seriousness. We should not regard the work as a simple task of screening houses and should take it as a task of improving the party's work style, eliminating corruption, and uprooting repulsive acts and as an approach to enhancing the prestige of the party, improving the work style of cadres, maintaining close ties with the masses, encouraging healthy tendencies, and combating evil trends. Deng Hongxun also said: With the corruption of the party's work style and social mood over the past few years, the corrupt practices of some party members and cadres aroused intense resentment among the masses of the people. As a result, the prestige of our party has been gravely damaged and the party has been divorced from the masses in some aspects. Through the present work of house screening, we hope the masses of the people will realize that our party hates bitterly the corruption and repulsive acts in the party, and that it has the courage to correct mistakes and eliminate corruption. However, some people doubt whether the house-screening work will be much said but little done, begin with tigerish energy but peter out toward the end, and only brush the flies off, while not beating down tigers. These doubts show that the masses of the people do not have much confidence in the work and [words indistinct]. In the spirit of being responsible for the revolution, the people, and the cause of the party, we should, filled with ardor and sincerity and in all seriousness, plunge into the task; clear up all the doubts that the people have with concrete actions; and tell the people with actions that we are serious, dare to solve tough problems, and are determined to uproot corruption and improve the party's work style. Taking the house-screening work as the point of departure, we

should make efforts to improve the social mood step by step. Comrade Deng Hongxun also emphasized that in carrying out the work of screening houses, we should mobilize the masses to the full and depend on them, have a good grasp of the party's policies, and correctly handle contradictions in two different natures.

Henan Views Screening, Rectifying Munitions, Guns

*HK0609050990 Zhengzhou Henan Provincial Service
in Mandarin 2200 GMT 1 Sep 90*

[Text] Yesterday afternoon, the provincial government held an emergency telephone meeting calling on various areas to continue to deepen the work of screening and rectifying explosives for civil use, guns, and munitions with a view to guaranteeing safety during the forthcoming Asian Games and National Day period.

At the meeting, entrusted by the provincial government, (Lei Qingping), deputy director of the provincial public security department, gave a report on the work of screening and rectifying explosives for civil use, guns, munitions, police uniforms, and police contingents in various areas across the province since the provincial conference on management of explosives for civil use, which was held in April of this year, and the emergency telephone meeting held by the provincial government on 14 July of this year.

Vice Provincial Governor Hu Tiyn delivered a speech.

Hu Tiyn said that in order to guarantee safety during the forthcoming Asian Games and National Day period and ensure smooth progress of the work of improving the economic environment, rectifying economic order, and deepening reform, all areas must practically strengthen leadership, fully mobilize the masses, continue to deepen the work of screening and rectifying explosives for civil use, guns, and munitions. From now on, various areas must organize personnel to confiscate and capture explosives, guns, and munitions scattered in society, cooperate with railroad, civil aviation, and communications departments in conducting inspection at railroad stations and piers with a view to banning people from taking explosives, guns, and munitions onto trains and ships, and conscientiously conduct security checks so as to timely rectify and eliminate factors harmful to safety.

Xiong Qingquan Addresses Education Work Conference

*HK0609055390 Changsha Hunan Provincial Service
in Mandarin 2200 GMT 3 Sep 90*

[Excerpts] On 2 September, provincial party Secretary Xiong Qingquan delivered an important speech at the provincial work conference on rural education. After fully affirming the achievements of education undertakings in our province, Comrade Xiong Qingquan emphasized the following three issues:

1. To invigorate the rural economy, we must take the road of integrating agriculture and science with education.

He said: To invigorate agriculture, we must rely on science and technology. However, whether modern science and technology can blossom and bear fruit in our area is determined by the activities of sending science and technology to the rural areas, and peasants' capability to accept it. At present, many of our achievements in scientific research have not yet been popularized or spread, despite our attempts to utilize them. An important reason for this is that we lack technical workers in our area, and that the quality of our agricultural laborers is on the low side. Besides, the problem of dislocation between rural education and the economy has not yet been solved. A fairly great number of primary school and secondary school graduates who return to farm work in their villages have not been provided with vocational and technical education. Since they are lacking proficiency in a particular field, they cannot adapt themselves to the demand of social and economic development. To solve this problem, we must rely on the development of education. We must exert our efforts to popularize the nine-year compulsory education to lay a good foundation. In the meantime, we must truly reform rural education. The focus of our rural education must be changed from merely pushing advanced study into serving local economic construction and social development. We must vigorously develop rural vocational education, and provide technical training. We must train a great number of rural technical workers who were locally born and bred to enhance educational quality of the broad masses of peasants. In a word, we must rely on scientific and technical progress to invigorate agriculture, and improvement of the quality of our laborers. We must combine agriculture and science with education. [passage omitted]

2. During the period of carrying out economic improvement and rectification, the preference of developing education must not be changed.

Comrade Xiong Qingquan stressed: Economic improvement and rectification, and agricultural development have included the content of further developing education. We must not set economic improvement, rectification, and agricultural development against educational development. While realizing that educational development is constrained by the economy, our party and government leaders at all levels must also understand that educational development can greatly promote it. We must always maintain strategic position of education, and never change it. Our idea of giving priority to educational development must never waver. In the course of carrying out economic improvement and rectification, education must be protected rather than suppressed. Agriculture must be promoted, but education must not decline.

Comrade Xiong Qingquan emphasized: Leaders at all levels must have long-term strategic foresight, stand high and see far, and truly undertake the important historical task of developing education. They must become far-sighted and mature leaders. We may make sacrifices in some aspects, or slow down our speed in order to solve

the problem of education well, so that education can anticipate economic construction.

3. The party and government leadership over education must be truly strengthened. This will ensure that educational work in our province can advance to a new level.

Comrade Xiong Qingquan said: In the 1990's, rural education in our province must conscientiously implement the principle that education serves socialist construction, and that socialist construction relies on education. We must vigorously train new-type peasants who have acquired knowledge and skills, and middle-level technical workers. We must uphold socialist orientation of schools and attach primary importance to moral education. We must grasp rural educational reform well, and take the development of vocational and technical education as a breakthrough point. We must completely solve the problem of disconnection between education and the economy. [passage omitted]

In conclusion, Comrade Xiong Qingquan stressed: Attaching importance to, and grasping education well is a duty-bound work of governments at all levels, and an unshirkable task of party committees at all levels. Governments at all levels must concentrate their efforts on grasping educational work, and the party committee must conscientiously administer it. Education must be included in the important agenda of party committees at all levels. They must wholeheartedly serve the development of educational undertaking.

Hunan Military Leaders Study Marxist Theory

HK0609065490 Changsha Hunan Provincial Service in Mandarin 2200 GMT 3 Sep 90

[Text] During their theoretical studies in the second half of August, members of the central study group of the provincial military district party committee Standing Committee specially discussed the problem of twists and turns appearing on the road of advance toward socialism by applying the tenets of Marxist materialist dialectics, thus deepening their faith in socialism.

During the discussion the participants came to understand that the twists and turns appearing in the development of socialism are just ups and downs on the road of advance. Major General Jin Feng, secretary of the provincial military district party committee and political commissar, said: Marxist materialist dialectics tells us that the development of all things is the integration of advance and tortuosity and the development is spiral, not straight. Major General (Hong Weiqiang), deputy secretary of the provincial military district party committee and commander of the military district, expounded and proved the issue by the practical experience of the socialist construction of our country over the past 40 years. Major General Xiao Qiuru, a member of the provincial military district party committee and deputy commander; Major General (Huang Zhushi), a member of the provincial military district party committee and deputy political commissar, pointed out at

the discussion meeting: We should unswervingly follow the way of seeking truth from facts and dealing with concrete matters relating to work, strengthen the faith that socialism is bound to victory; and even in the teeth of wind and rain, we should still take a leisurely walk. Meanwhile, only when we perform China's affairs and our own affairs well, will we be able to continuously push socialism forward.

Southwest Region

Liu Zhengwei Participates in Torch Relay Race

HK0609052590 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 2 Sep 90

[Excerpts] The Asian Games torch relay ceremony, for which the Guizhou people had been waiting for a long time, was solemnly held in Guiyang's (Liuguangmen) Stadium yesterday morning. [passage omitted]

When Liu Zhengwei, secretary of the provincial party committee, and Wang Chaowen, provincial governor, took over the Asian Games torch handed over by the representatives of Yunnan Province, the audience once again burst into prolonged and thunderous applause. [passage omitted]

On behalf of the provincial people's government, vice provincial Governor Gong Xianrong delivered a speech at the torch relay ceremony. He said that the Asian Games torch symbolizing solidarity, friendship, and progress, which was personally lit by Comrade Jiang Zemin, general secretary of the CPC Central Committee, was now relayed to our province from Yunnan. On behalf of the Guizhou Provincial People's Government and 31 million people of all nationalities in Guizhou, he extended a warm welcome to the Asian Games torch escort and the representatives of Yunnan. [passage omitted]

Li Shubin, leader of the Asian Games torch escort and vice president of the Chinese Olympic Committee, also delivered an ebullient speech at the ceremony.

After the torch relay ceremony was over, led by Liu Zhengwei, secretary of the provincial party committee, and Wang Chaowen, provincial governor, the long-distance torch relay team formed by athletes, coaches, workers, peasants, People's Liberation Army officers and soldiers, armed police officers and soldiers, school teachers and students, office cadres, and personages of all nationalities and all walks of life of our province began a long-distance torch relay race along Beijing Road and Zhonghua Road. The 10-li-long streets were packed with people. Under the hot sun, 300,000 people watched the torch relay race with a feeling of great reverence for the sacred Asian Games torch and wished the 11th Asian Games to be held in Beijing a complete success.

Sichuan Personnel Bureau Chief Removed*OW0609202790 Beijing XINHUA Domestic Service
in Chinese 0924 GMT 4 Sep 90*

[Text] Beijing, 4 Sep (XINHUA)—The Sichuan provincial government recently decided to remove Lu Senling, provincial personnel bureau director, from his post and demote him two wage grades for capitalizing on his job transfer and abusing power in seeking personal gains and accepting gifts and invitations to dinners.

Investigations by the Sichuan Provincial Supervision Department revealed that in September 1988, when Lu Senling was transferred from the post of Luzhou City party committee secretary to director of the provincial personnel bureau, the bureau assigned him two units each with two bedrooms and a living room at a newly completed dormitory. Lu Senling agreed to have his units decorated, at a cost of some 4,760 yuan in materials and 1,060 yuan in labor. In addition, the decorating unit bought him a vacuum cleaner and four plated compatible chairs worth another 850 yuan, totaling some 6,680 yuan. Although he had promised to pay the bills, he did not pay for the decorating fees other than to use an old Mitsubishi air-conditioner, worth less than 500 yuan, to offset part of what he owed.

In the first half of 1988, Lu Senling's wife ordered a set of furniture from the Luzhou Timber General Factory for 2,100 yuan. She paid only 310 yuan as processing fees however. Lu Senling did propose to settle the said sum. However, when the factory indicated that it would not accept the payment, Lu Senling immediately tacitly agreed not to settle the remaining 1,790 yuan of material costs owed.

Further investigation showed that after Lu Senling received the transfer notice in September 1988, that is, during the period from early October to early November, he accepted dinner invitations from five counties and one district, some factories and mines, and 20 units directly under the city government, squandering away 7,200 yuan in public funds. In addition, he also accepted gifts such as name brand liquors, quartz clocks, hair dryers, and local specialties worth a total of 690 yuan.

It has been learned that Lu Senling has paid the treasury what he owed for the housing decoration as well as for the materials.

Yunnan Party School Marks Anniversary*HK0609061190 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 2 Sep 90*

[Excerpts] The CPC Yunnan provincial party committee party school held a meeting to mark the 40th anniversary of its founding.

Speaking at the meeting, (Liang Jinquan), a member of the provincial party committee Standing Committee and director of the provincial party committee Propaganda

Department, pointed out that the provincial party committee secretary, Pu Chaozhu had asked of his own accord to hold the concurrent post of president of the provincial party committee party school. He also said the school was officially founded on 1 September 1950. In the past 40 years, under the leadership of the provincial party committee, the party school has trained in rotation, around the central tasks of the party, more than 37,000 leading cadres for the party and government organizations, cadres engaged in theoretical and propaganda work, and cadres for other fields of work. At the same time, it has adhered to, and spread Marxism-Leninism-Mao Zedong Thought and attained good results in the ideological and theoretical building of the party. In the process, it has also gradually established a contingent of teaching staff with a relatively high level of political integrity and professional proficiency, thus creating conditions for its development.

Referring to how to strengthen the building of party school, (Liang Jinquan) put forth some concrete proposals. First, the provincial party committee party school and party schools at different levels of the province should always hold the main subject of building socialism with Chinese characteristics, and conduct thoroughgoing and systematic education in the fundamental theory of Marxism-Leninism-Mao Zedong Thought, the party's basic lines, and the fundamental knowledge concerning the party, in an effort to improve the quality of cadres in an all-around way. Second, integrating theory with practice is the guiding principle that party schools at different levels should follow in teaching and research work. To meet the needs of theoretical education for cadres under the new situation, party schools at different levels should take a further step and make a breakthrough in implementing the principle of integrating theory with practice. Third, leading cadres and staff members of party schools at different levels of the province should try to inherit and carry on the party's fine traditions and work style, replenish and enrich themselves, firmly cherish the sense of being devoted to the work of the party school, the sense of responsibility and the sense of pride, work with even greater morale to run the school, teaching work and the party with strictness, and making big strides forward and working hard to fulfill the historical mission of the party school.

In conclusion, (Liang Jinquan) pointed out: Running the party school well is not only a matter of the school but also a common task for the whole party. The provincial party committee called on party committees and governments at different levels to understand the importance of strengthening studies of Marxist theoretical theory among cadres, have a sound understanding and attach importance to party school work, care for and support it, help and push party schools at different levels to give fuller play to their role of cultivating leading cadres and theoretical core members for the party, and acting as a position of learning, studying, persisting in, and developing Marxism so that party schools will be built into

smelting furnaces of strengthening party spirit and make still greater contributions in training party cadres and carrying out the socialist modernization program. [passage omitted]

North Region

Beijing People's Congress Meeting Ends

SK0709042390 Beijing BEIJING RIBAO in Chinese
4 Aug 90 p 1

[Text] The 21st Standing Committee meeting of the ninth municipal People's Congress ended yesterday after fulfilling the scheduled items on the agenda.

The meeting heard and discussed a report given by Jiang Xiaoke, director of the municipal environmental protection bureau, on the implementation of the Beijing municipal regulations for carrying out the "Air Pollution Law of the PRC." In his report, Jiang Xiaoke gave an account of the municipal achievements in environmental protection work in recent years, and put forward several measures for improving the fuel structure in order to continuously improve air pollution. The committee members held that prevention of air pollution is a very difficult work and that we should not overestimate our achievements. We should adopt practical measures and continue to grasp the work firmly and well.

The meeting heard and discussed a report given by Yan Changyuan, director of the municipal water conservancy bureau, on the implementation of the "Beijing Municipal Regulations on Protecting and Managing Water Conservancy Projects." On behalf of the Agricultural Committee of the municipal People's Congress Standing Committee, committee member Wang Guiji gave a speech in which he pointed out that since the implementation of the regulations four years ago, the municipality has strengthened its work to protect water conservancy projects. The number of incidents on stealing and damaging water conservancy facilities have declined remarkably. In general, the law enforcement situation has been good.

The meeting also discussed a report given by Wang Baosen, director of the municipal financial bureau, on the situation of handling the motion governing financial subsidies. During the third session of the ninth municipal People's Congress, some deputies put forward the motion of rationally cutting back financial subsidies. In this connection, the municipal government organized departments concerned to conduct investigations and study and put forward an initial plan for cutting back the 1990 financial subsidies. At present, efforts are being made to organize people to implement this plan. The meeting affirmed the municipal government curtailment plan focusing on "strengthening management and blocking loopholes," and agreed with the suggestion of appropriately cutting back this year's financial subsidies on the premise of guaranteeing stability in the capital

and not affecting the livelihood of the people so that the actual total quota of subsidies will not increase.

The meeting discussed a written report on organizing deputies to inspect the situation on learning from Lei Feng, greeting the Asian Games, and strengthening the building of spiritual civilization.

This Standing Committee meeting also discussed the "Draft Regulations of Beijing Municipality on Checking Gambling," and held that the gambling trend has seriously undermined social stability and affected the normal order of production and living over the past few years and that the formulation of such regulations is very necessary. The meeting decided that these draft regulations, after revision, will be submitted to the next Standing Committee meeting for discussion.

Yesterday's meeting also adopted the decision of the municipal government on the "motion of increasing penalties for persons who spit or litter anywhere at will."

The meeting also adopted personnel appointments and removals. Zhang Zhijian was appointed vice president of the Beijing Municipal Higher People's Court and member of the judicial committee; Ye Shangshi, deputy chief procurator of the Beijing Municipal People's Procuratorate and member of the procuratorial committee; and Liu Zhangnan, deputy chief procurator of the Beijing Municipal People's Divisional Procuratorate and member of the procuratorial committee.

Present at the meeting were Zhao Pengfei, chairman of the municipal People's Congress Standing Committee; and Ma Yaoji, Li Guang, Xia Qinlin, Xing Jun, Tan Yizhi, Tao Dayong, Pu Jiexiu, Chen Mingshao, and Rong Yi, vice chairmen of the municipal People's Congress Standing Committee. Attending the meeting as observers were Zhang Jianmin and Su Zhongxiang, vice mayors; Liu Yunfeng, president of the municipal Higher People's Court; and He Fangba, chief procurator of the municipal People's Procuratorate. Seven municipal deputies also attended the meeting as observers.

Beijing Freezes Authorized Size of Organs

SK0709011190 Beijing BEIJING RIBAO in Chinese
11 Aug 90 p 1

[Excerpts] From this moment to the end of the year, the authorized size of party and government organs and of mass organizations throughout the municipality will be frozen and various institutions should also leave their authorized size as they are. This was announced at the work conference on the authorized size of organs, which was sponsored by the municipal party committee and the municipal people's government on 10 August.

It was stressed at the work conference that efforts should be made to enhance management over the authorized size of organs, to bring the expansion of the size of organs under strict control, and to do a good job in conducting the work of checking and curtailing the

number of staffers among organs. The work conference called for efforts to be made to check the authorized size of municipal organs in line with the task of implementing the spirit of the national work conference on the authorized size of organs. The focal point in checking the authorized size of organs is aimed at the organs which were newly established following the "circular" issued by the CPC Central Committee and the State Council in 1987 with regard to blocking the expansion of the authorized size of organs, at the organs which have been upgraded to a higher level, and at the increased number of staffers. The scope in checking the authorized size of organs includes the party and government organs at all levels; the internal organs of the municipal People's Congress, the municipal Chinese People's Political Consultative Conference Committee, the municipal People's Court, and the municipal People's Procuratorate; and the extraordinary organs. It was urged at the work conference that based on checking the authorized size of organs, efforts should be made to gradually curtail the number of staffers in a planned manner. We should strictly enforce the systems of retirement and convalescence leave and to encourage organs' cadres to work at grass-roots levels. Departments at the same level should help supply each other's personnel needs and return the temporary duty personnel to their original organs. In line with the principle of separating business management from government function and business affairs from political work, we should remove the function among a number of organs.

During the work conference, Comrade Li Qiyan delivered a speech. [passage omitted]

Tie Ying, secretary general of the municipal people's government, presided over the work conference at which, Yuan Liben, secretary general of the municipal party committee, delivered a report on relaying the spirit of the national work conference on the authorized size of organs; and Qian Qizhi, director of the department in charge of the authorized size of local organs under the State Commission for the Authorized Size of Organs, delivered a speech. Attending the work conference were the principal responsible comrades of various district and county party committees and governments and responsible persons from various commissions, offices, and bureaus under the municipal party committee and the municipal people's government; from the headquarters of companies and corporations; and from the municipal level institutions.

Wang Qun Watches Demonstration of Armed Police
SK0109040990 Hohhot NEIMENGGU RIBAO
in Chinese 8 Aug 90 p 1

[Excerpts] The Hohhot Racecourse was decorated with flags on the afternoon of 7 August. The 2,500 officers and men of the Inner Mongolia armed police force stationed in Hohhot and Baotou held a military review and demonstration on the achievements of military training.

Party, government, and Army leaders of the autonomous region, including Qang Qun, Bu He, and Yang Enbo, and Wang Wenli, deputy commander of the Inner Mongolia armed police force, reviewed the troops and, together with 5,000 people of various nationalities, watched the demonstration on the achievements of military training. [passage omitted]

The demonstration lasted for two and a half hours. Bu He, chairman of the autonomous region, and Wang Wenli, deputy commander of the Inner Mongolia armed police force, gave speeches. They urged the vast number of commanders and fighters of the Inner Mongolia armed police force to make unremitting efforts to improve their skills and make new contributions to the stability and development of Inner Mongolia.

Also present to watch the demonstration were Qian Fenyong, Hao Xiushan, Geriletu, Diao Congzhou, Wang Duo, Kong Fei, Chen Kuiyuan, Bai Enpei, Zhang Cangong, Sha Tuo, Zhou Rongchang, Alatanaoqier, Zhao Zhihong, Zhang Hesong, Yun Shubi, and Wang Zaitian.

Tianjin Municipality Quickens Pace of Opening Up
HK0709065990 Beijing RENMIN RIBAO in Chinese
27 Aug 90 p 1

["Dispatch" by reporter Cheng Yuwen (4453 3768 2429): "Tianjin Municipality Quickens Pace of Opening Up to the Outside World"]

[Text] Tianjin, 26 Aug (RENMIN RIBAO)—Tianjin municipal leaders recently went to some southern provinces to learn from their experiences and acquire inspirations, and they decided to quicken Tianjin's pace of opening up to the outside world through learning the experience of other localities and giving play to Tianjin's own advantages, thus making greater and faster development in Tianjin's economic construction.

This June, the Tianjin municipal government successively dispatched four groups of officials to Guangdong, Fujian, Hainan, Yunnan, Guizhou, Sichuan, Jiangsu, and Zhejiang. They modestly learned from the experiences of other provinces and discovered their own deficiencies through comparing Tianjin's practice with that in other provinces. Then, they worked out new measures for making progress. Recently, the municipal party committee's Standing Committee held three enlarged meetings to discuss the ways to expedite the pace of opening up and to promote economic development. Municipal CPC Committee Secretary Tan Shaowen and Mayor Nie Bichu made mobilizing speeches at the meetings on advancing the process of opening up.

Through organizing officials to visit the southern provinces and learning from their experiences, the municipal authorities further emancipated their minds, built up their confidence in the development of an outwardly-oriented economy, and summed up Tianjin's four major

points of advantages, namely, a favorable political environment, a solid economic foundation, the early starting of infrastructural construction, and the existence of rich resources and great potential to be tapped. The overall economic development strategy through multi-tiered and across-the-board opening up thus initially took shape.

The new measure they worked out included the following points:

Henceforth, all enterprises which have necessary conditions, including some large-scale backbone enterprises, should participate in running joint ventures or starting cooperation projects with foreign investors in various forms.

Funds, technologies, management skills, and marketing mechanisms should be actively introduced, and overseas sales channels should be broadened, thus invigorating the enterprises' business.

The organizational structure of enterprises which produce good-quality, brandname, and backbone products should be resolutely adjusted. Enterprise groups should be set up as quickly as possible, and the enterprise groups should adopt new operational mechanisms.

It is necessary to fully respect and rely on scientific and technical personnel and to widely adopt the technical contract responsibility system. Measures should be taken to attract senior scientific and technical personnel from other localities, especially from Beijing, to work in Tianjin. Effort should also be made to attract intelligence resources from abroad, so a road of development with less investment and higher yields can be opened. The proportion of directly using foreign funds should be raised, and more Chinese-foreign joint ventures, cooperation enterprises, and enterprises solely owned by overseas investors should be set up. At the same time, funds can also be attracted from other domestic localities; and lateral economic association with other domestic localities should be expanded. Tianjin should open its door and welcome other localities to run enterprises in Tianjin. Investors from other localities should be able to share profits, taxes, output value, and products derived from the domestic joint ventures in Tianjin.

Northeast Region

Heilongjiang Procures Much Wheat This Year

SK0709010190 Harbin Heilongjiang Provincial
Service in Mandarin 0900 GMT 4 Sep 90

[Text] The province's situation in procuring wheat this year is gratifying. By 27 August this year, the province put 870,000 tons of wheat into storage and fulfilled its fixed-quota purchase plan by 59.5 percent. Suihua Prefecture; 13 cities and counties, including Hulin and Suibin; and 18 state farms, including Qianjin and Shengli; have fulfilled their wheat fixed-quota sale plan.

Quan Shuren Speaks on Dalian's Opening Up

SK0209045790 Shenyang Liaoning Provincial
Service in Mandarin 2200 GMT 1 Sep 90

[Text] To implement the guidelines of the seventh provincial party congress, the provincial party committee and government held a meeting to report Dalian City's work of opening to the outside world in Dalian City on 28 August. The meeting conducted study on Dalian City's further opening to the outside world. It fully affirmed the city's achievements and experiences in opening to the outside world and putting forward demands on future work.

Dalian City achieved rapid development in its opening to the outside world in recent years. Since 1984, it has approved 916 foreign capital utilization projects, with the contracted amount of foreign capital at nearly \$2 billion. These projects involved the establishment of 457 foreign-funded enterprises, and \$297 million of foreign capital was used. Among the enterprises in which foreign firms invested, 88 percent are productive projects. Large and medium-sized projects worth more than \$5 million each newly approved in the past two years totaled 32. Dalian City also paid attention to closely combining foreign capital utilization and technology imports with the transformation of old enterprises, thus raising the technological level and product quality of a great number of old enterprises to a new level.

Quan Shuren, secretary of the provincial party committee, spoke at the meeting. He emphasized: In the past few years, Dalian, as a leader in the work of opening to the outside world in Liaodong peninsula, has played a leading role in this work in the entire peninsula and the province. No other locality can replace its position and role. In the future, Dalian should develop its role further. Therefore, it should further raise the level, accelerate the pace, and expand the scope in opening up to achieve a still higher level in the opening of Liaodong peninsula and the province to the outside world. While making the best use of the preferential policies provided by the state, it should actively explore new ways for further opening up and define still higher goals. At present, it should use the investment absorbed from abroad mainly in the industries with a high level of production technology and in technology-intensive enterprises. It should step up study of the ways for foreign firms to develop certain areas on a contract basis and for Taiwan, Hong Kong, and Macao firms to make investments. It should combine foreign capital utilization more closely with the technical transformation of old enterprises and summarize and popularize the experiences in technically transforming old enterprises through cooperation, joint ventures, and the method of transplanting technology. It should accelerate the technical transformation of enterprises, carry out extensive lateral cooperation, and adopt various measures to strengthen its economic ties with the hinterland areas to facilitate the technological progress of the old enterprises in these areas.

Speaks on United Front Work

SK0709050790 Shenyang Liaoning Provincial
Service in Mandarin 2200 GMT 4 Sep 90

[Excerpt] The provincial united front work conference held by the provincial party committee opened in Shenyang on 4 September. Major tasks of the conference are to conscientiously study to understand Comrade Jiang Zemin's important speech and the CPC Central Committee's circular on strengthening the united front work, to implement the guidelines of the national united front work conference, and to clarify the principles and tasks for our province's united front work in the future to bring it to a new stage. Attending the conference were leading comrades of the provincial party committee, Advisory Commission, People's Congress, government, and the Committee of the Chinese People's Political Consultative Conference: Quan Shuren, Yue Qifeng, Sun Qi, Shang Wen, Wang Guangzhong, Xu Shaowen, Ge Xifan, Wang Chonglu, Ma Shenglin, Xu Wencai, Shen Xianhui, and Zhang Yan.

Sun Qi, deputy secretary of the provincial party committee, presided over the conference. Quan Shuren, secretary of the provincial party committee, gave an important speech entitled "Enhance Understanding, Strengthen Leadership, and Strive To Develop the Broadest United Front."

Quan Shuren said: In the new historical period, the united front is still a major magic weapon of our party. As a part of the party's general line and general policy, the united front has always been a powerful source of strength for us to win a victory in the revolution and construction, and overcome numerous difficulties. It is the major political advantage of our party. In the period of socialist modernization, the united front remains strategically important. Without the broadest patriotic united front consisting of the overwhelming majority of the Chinese nation, it is impossible for us to realize the general strategic goals of socialist modernization, accomplish the grand socialist cause with Chinese characteristics, and reunify the motherland. Today, the united front should be strengthened and expanded continuously instead of being weakened.

Quan Shuren said: The essence of the united front is to unite the overwhelming majority of people, and to isolate the enemy. We should implement the broadest unity under the banners of patriotism and socialism, develop great unity and great solidarity, unite all the forces that can be united with, mobilize all positive factors, turn negative factors into positive ones, and serve the needs of reunifying the motherland and rejuvenating China.

Quan Shuren emphasized in his speech: The major tasks for our province's united front work for the present and for some time to come are to conscientiously implement the guidelines of the national united front work conference, to comprehensively accomplish the various tasks and requirements set forth by the central authorities, to carry out the united front work in a down-to-earth manner, and to strive to accelerate the development and construction of Liaodong Peninsula and comprehensively rejuvenate Liaoning.

Quan Shuren pointed out: Party organizations at various levels should strengthen leadership over the united front work. In this respect, they should focus on three tasks. First, they should raise the awareness of the entire party in carrying out the united front work. Members of party committees, especially major party and government leaders, should attach importance to the united front work. Second, they should step up efforts to improve the contingents of cadres for the united front work at various levels. Party committees and united front work departments at various levels should intensify training of the cadres for the united front work, and select and assign outstanding cadres to work in united front work departments. Third, the united front work departments of party committees should have the ability to attend to and discuss major issues, and be good advisers and assistants to party committees.

In conclusion, Comrade Quan Shuren urged party organizations at various levels throughout the province to work hard for the party's united front work with a good mental attitude and exemplary deeds, and bring the work to a new stage. [passage omitted]

ROC To Cut Military Strength by Year End

OW0509223990 Taipei CHUNG KUO SHIH PAO
in Chinese 1 Sep 90 p 1

[Text] According to a written report on the work of the government sent by the Executive Yuan to the Legislative Yuan on 31 August, the Executive Yuan has drawn a "1990 Retrenchment Plan" to implement the policy of better troops, whose goal is to "reduce manpower, increase firepower and mobility," and reduce military strength. The plan calls for cutting by 20 percent the number of personnel in the Defense Ministry's various departments and General Headquarters of the Army, Navy, and Air Force, and the Army by 10,000 men by the end of 1990.

The written report made public by the Executive Yuan on 31 August is the first report on the work of the government made by Premier Hao Po-tsun since he assumed the office last June. The report explains the work done by the Executive Yuan in January through June of this year. At the end of September, when the Legislative Yuan formally opens its 86th meeting, Premier Hao Po-tsun will for the first time put forward plans for future government work and give a report on the work of the government.

Under the report's section dealing with defense projects, the Executive Yuan also noted that, during the first half of this year, the research on the ranking and proportion of military surgeons, the readjustments of the ranking and proportion of noncommissioned officers of the Armed Forces of the Republic of China, the readjustment of command of harbors of offshore islands, the change of jurisdiction over the Nuclear Institute of the Sun Yat-sen Academy of Sciences, the reduction of equipment and staffs aboard the Navy's old warships, and the annexing of plant No 302 with plant No 303 of the Combined Logistic Command have been completed, resulting in a reduction of 3,596 men.

In addition to implementing the policy of a better troops, the Defense Ministry is also strengthening preparedness to guarantee the safety of the country. The Executive Yuan pointed out: In striving for control of the air, we must first of all strive for the superior position of the airspace over the Taiwan Strait. It is necessary to speed up the research and development of the Ching-kuo jetfighters and anti-aircraft missiles, install 35mm rapid-firing guns, and readjust air defense disposition so as to strengthen interception, attack, and combined anti-aircraft firepower. In addition, the Defense Ministry is actively pushing forward the "strong net plan," preparing to build advance warning

air strength, installing new three-D radar, renewing electronic warfare equipment, and continuously renovating bases in eastern and western Taiwan.

15th Taiwan-Japan Economic Conference Opens

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[Text] Taipei, Sept. 5 (CNA)—The Republic of China asked Japan Wednesday to support its bid to join international economic and trade organizations, and to address the serious trade imbalance between the two neighboring countries.

Taipei made the demands at the start of the 15th Sino-Japanese economic conference, which opened Wednesday for three days of discussions on bilateral trade, investment and technological cooperation.

The Chinese delegation is led by Mah Soo-lay, chairman of the Association of East Asian Relations, and the Japanese delegation is headed by Nurishige Hasegawa, chairman of the Interchange Association. The two associations represent their respective country's interests in the other country in the absence of diplomatic ties.

Mah called for clear Japanese support of Taipei's bid to join such international economic and trade groups as the General Agreement on Tariffs and Trade (GATT), the Organization for Economic Cooperation and Development (OECD) and the Asia-Pacific Economic Cooperation Forum (APEC).

The Republic of China, as the world's 13th largest trading country in 1989, has every right to be a member of the organizations, he stressed.

The Japanese delegation members responded cautiously to the problem of Taipei's membership in GATT, saying only that it would watch relevant developments closely. They, however, welcomed Taiwan to join APEC together with Hong Kong and Mainland China, a gesture signifying recognition of the country's economic and trade importance.

Hasegawa stressed that Tokyo is very willing to work together with Taipei to reduce its huge trade surplus, which amounted to 7 billion US dollars in 1989 and is expected to reach 8 billion US dollars this year.

He stressed, however, that the Republic of China must make greater efforts both to improve its industrial and

trade structure, and to upgrade its product quality and development capabilities in order to stimulate exports to Japan.

Later in the day, Vice Economics Minister Chian Pin-kung met with Fujio Hara, president of the Interchange Association, and urged Japan to send large purchasing missions here to buy Taiwan-made products in large volumes.

Stressing that the Japanese side is also deeply concerned about the trade imbalance with Taipei, Hara promised in principle to actively promote Japan's [words indistinct] in Taiwan.

To curb its growing trade deficit with Japan, the Republic of China Government has threatened to adopt a variety of measures to limit imports from its largest supplier.

The Finance Ministry had scheduled a meeting this week to discuss tariff rates on Japanese products, but ministry officials said the meeting would be postponed, apparently in a bid to allow the Japanese more time to demonstrate their sincerity with regard to narrowing the bilateral trade gap.

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